THE PEASANT AND CO-OPERATIVE FARMING

A Socio-Economic Study

PROF. N. G. RANGA
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With the best compliments of

P.R. Parameswaran.

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THE INDIAN PEASANTS' INSTITUTE
NIDUBROLU

To

THE VETERAN PEASANT LEADERS

SRI GORREPATI VENKATA SUBBAIAH

OF GHANTASALA

and

THE LATE **SRI GOGINENI VENKATA SUBBAIAH**

OF APPIKATLA-ETHERU

and

TO ALL THOSE

who have suffered and still strive for the uplift of the peasantry

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INTRODUCTION

This is a thesis on behalf of the ancient yet modern institution of peasant family economy. This institution lay submerged for centuries under the debris of ages of feudal and capitalist exploitation in India and elsewhere. The peasant economy is coming into its own in India, especially since the achievement of freedom and the abolition of the feudal landlordism because tens of millions of peasants have become proprietors. And the latest move to put a ceiling upon the individual peasant proprietary holdings and to ensure protection in tenure and rents to the actual cultivators of lands of even those proprietors whose lands are below the ceiling limits tend to strengthen its socially progressive character. Most of the economists of the Capitalist and Socialist West and of the Communist and Socialist East have so far seen no future for this peasant family economy and have therefore suggested either collective farming or co-operative farming as the only human and progressive alternative to continually weakening position of most of the peasants. We do not agree with them. They are convinced that only through such large-scale integration of holdings and unified farming, the economies of scale, which yield such good results on the industrial front, can be obtained by agriculture also. We are convinced that almost all such economies of scale can be derived by agriculture to the fullest degree, without the suggested integration and collectivised cultivation through the fullest and all-round development of Service Co-operatives.

So far, very little progress has been made in this direction. We need a nation-wide, missionary movement to be sponsored and shouldered by all elements in our society, from Government to peasants, from all political parties to social service organisations. In the words of our Prime Minister: "The only way is—the Co-operative Movement which thinks in terms of the individual, the small individual, keeping his individuality intact, his freedom intact and get on the co-operative plane, can function in a big way and take advantage of science and technology." (His address to the the Third Indian Co-operative Congress, 12-4-58). We are as yet at the biginning of this movement. So it is too premature to rush to the conclusion that Service Co-operatives cannot help us to "telescope decades of endeavour and hard work within a much shorter period" as he would wish. It is unstatesmanlike and harmful to inaugurate a national campaign to battle with peasant

family farming economy under the wrong impression that it is a played-out system and that there is no escape from "Co-operative or joint farming with the consent of the people."

Prime Minister Nehru rightly desires that we should "discuss the thing on merits, whether it is good or bad." We have tried to do just this thing in this thesis.

"Co-operative farming" can be one of the most important and progressive methods of "land use" both for augmenting production and also increasing the well-being of certain sections of agriculturists. But it cannot be the only method available. It has certain obvious advantages only over the zamindari system or the capitalist farms, but not necessarily economies of scale, because such economies can be obtained by peasant economy through Service Co-operatives and also by the collectives of the Soviet or the Palestinian types of farming. For instance, the Food and Agriculture Organisation's latest (1957) survey of "Co-operatives and Land Use" by Miss Digby observed, regarding Mexican Ejidos (Agricultural Panchayats), that "recent observers report a certain pride of independence in the more successful Ejidos and a general conviction that things are better than under the regime of the landlords" (p. 21). It can also organise a few social institutions such as schools, dispensaries, creches, libraries, clubs, rest houses etc. Such social facilities are now found to be within the capacity of our villages, dependent so largely upon peasant economy through the leadership of the Village Panchayats and Community Development movement, over which Prime Minister Nehru and everyone in the peasant movement lay so much in store.

Let the Government experiment with Co-operative Farming on the hitherto undeveloped and unoccupied cultivable waste lands belonging to the Government and to the displaced zamindars and on the Bhoodan lands and excess lands above the ceilings by settling those of the landless who are keen on co-operative farming.

Let Government give all the help they need *i.e.* what the all-embracing Service Co-operatives can do and thus buttress their co-operative farm economy. Even such an effort will have the hurdles to overcome as similar co-operatives in Italy have had to during the past seventy years, such as political influence, inadequate employment on the farms for all the members. As a result of this inadequate employment all are "being obliged to take employment elsewhere if they can get it" and gradually the membership is becoming "closed" to only those that "the land can support" (FAO Report—pp. 10-11). The same Report says: "large undeveloped estates, the 'undivided' or collective

may well lead to better farming because it is easier to plan a rational system of production and see it carried out." (p. 13). It concludes, referring to the Italian experience, which is the longest, that "it is only to the labourer that the undivided co-operative farm appeals."

It is also quite possible for our Government to follow the post-1950 Italian experiment of settling 100,000 families on 700,000 hectares of land obtained from expropriated large estates. There each settlement is "under the control of Government agency with the necessary administrative and technical staff," and 55% of the capital investment is granted by Government and the remainder is loaned to settlers to be repaid in 30 years. The holdings are granted to individuals but have to join the Service Co-operatives for at least 20 years. The machinery etc. are held by Government. It is not known how long it will take for the agency to give place to co-operatives over the whole of this venture. In India too many a so-called co-operative farm has had to be propped up by Government and closely supervised and controlled in this Italian fashion, with or without individual holdings *i.e.* "Divided Co-operative."

Let us hearken to the conclusions reached by the FAO Survey: "To secure discipline and intelligence in work constitutes one of the greatest problems of the collective or co-operative farm. It can be achieved by exceptional leadership or by a shared purpose, deeply felt" (pp. 103-4) or by the threat of unemployment. But mechanisation and rationalisation—two virtues claimed by these new economies—certainly "release men for industry...where there is the opportunity of industrial development. Otherwise they may merely become redundant in agriculture, without having any alternative form of productive work open to them." (p.104) The Survey warns that the "rural standard of living in countries extensively collectivised is below that of countries in similar latitudes where farming is individual" (p·105). "In general, those to whom the co-operative farm appeals are either intellectuals without previous farming experience; the technically-minded to whom machines and all that goes with them are more important than the bare ownership of land; the more dependent type of share-cropper; and labourers with no experience of managing farms of their own; or tribal peoples who have no tradition of individual ownership. Experience shows that labourers and tenants, though they may at first accept land pooling, tend to develop the traditional peasant attitude as their experience increases and to demand the division of land into individual holdings" (pp. 105-6).

The Survey observes that "co-operative or collective arming is not an easy or self-regulating system; it calls for

much preparation, supervision, capital expenditure and outstanding leadership." (p. 106). And when the ceilings are enforced and co-operative farming is helped to replace peasant economy, the Survey fears that "countryside is then likely to be populated by a proletarian mass guided by officials" (p. 106). The Survey warns us to avoid the tendency "of collective farm members to relapse into the condition and adopt the attitude of labourers," (p. 106) as is noticed in countries which gave up peasant economy.

The FAO Survey has anticipated Mr. Nehru's advice to Indian Co-operators by observing in conclusion that "if there is to be advance, the farmer must become more and not less of a person" and "all plans for the co-operative use of land must be considered not only with an eye to technical possibilities they offer, but to their acceptability to those most concerned." (pp. 108-9).

Let us, therefore, give every possible assistance and encouragement to the co-operative farms to be organised for the benefit of hitherto landless agricultural workers on Government and other unoccupied lands, and help them to make a success. If, after their successful operations, their members wish to achieve the further reform of "Divided" co-operative farm, as in Italy, and thus gain partially the status of peasants cultivating their own allotments, let them be free to do so. If, however, so many of the peasant proprietors wish to organise themselves into "Co-operative Farms" because they are convinced of the proved success and greater benefits—economic and social—accruing from the activities of the Co-operative Farms in their Taluks and Districts, let Government give them all the additional assistance needed over and above whatever help is being rendered to them by the Service Co-operatives.

Let there be no prejudice or preconceived hostility or pessimism against the historically established and continually progressive peasant family economy. We are concerned, in this thesis, with the demonstration of certain home truths, namely, that peasant family economy is the primary indivisible co-operative unit of labour mobilisation, utilisation, discipline and its organisation; it is non-exploitative and self-reliant; it demands least overhead supervisory charges and it is free from the maladies of industrial and commercial undertakings such as managerial costs, management versus labour conflicts and relations, cash and wage nexus, artificial stimulants needed to evoke incentives for greater, better and interested work and enterprise. We maintain that peasant economy, through its widespread distribution of land, as property and source of

employment, whatwith the generation-wise continual redivision through Indian laws of inheritance, has anticipated the present day conceptions of social justice and socialistic liberalism or humanism.

We are deeply conscious of the fact that too many peasants are today at the mercy of "key services," and all of them are obliged to cultivate their lands and produce crops, mostly "under duress" because of too much population, too little employment, resultant unemployment and under-employment of a large a percentage of dependents. Therefore, their existing freedom does not yield either a subsistence or a satisfactory degree of happiness. The remedy does not lie in abolishing the peasant economy and bringing in the co-operative farm or the collective, but in removing the basic causes for their present helplessness vis-a-vis "key services" and "production under duress." Hence our insistence upon the formation of "Service Co-operatives" to liberate them from being exploited by "key services" and also upon the "stabilisation of prices, fixed on the basis of parity with other occupations and productive activities."

Collective or co-operative farming may, at best, save peasantry from the clutches of key services. But they cannot liberate them from the law of "production under duress" until and unless the principle of social justice, namely, parity with all other classes and occupations, is accepted and fully implemented, and this has been amply exemplified by the anti-peasant use of the Soviet price scissors during the past forty years. Therefore, if only the price scissors are not used against agriculturists, whether in or outside peasant economy or co-operative farm and if social justice is observed by accepting parity economy and stabilising agricultural prices and wages on humane and economic considerations and if Service Co-operatives are organised as a part of national developmental plan and programme and all available resources in men and money and machinery are placed at the disposal of the national movement for the development of full-fledged and all-round Service Co-operatives, we maintain in this thesis, that peasant economy can not only enable peasants to produce more and land to yield better and bigger crops but also ensure greater quantum of wealth for both peasants and agricultural workers and the nation.

Fragmentation is certainly the bane of our agriculture. But surely it is not necessary to have co-operative farming in order to achieve consolidation. Consolidation of holdings has to be carried on with the aid of legislation and with the growing co-operative efforts of our Panchayats and Co-operatives as a whole.

Indebtedness, too costly credit and inadequacy of capital investment in agriculture have been chronic weaknesses of Indian agriculture. To overcome them, co-operative farming alone is not the remedial instrument. The Debt Relief Legislation, Money Lender Registration and Fixation of Interest Rates Acts are a part answer to this big problem. The Service Co-operatives, the supply of not less than Rs. 1500 crores of agricultural credit from the Reserve and State Banks, a chain of co-operative warehouses, stabilisation of prices and wages and the establishment of National Insurance against natural calamities such as floods, droughts, frost, pests, cattle epidemics, etc. can alone hope to relieve peasantry from this wasting weakness of our agriculture.

All the lessons of, and benefits from, science and modern technology and the latest methods of organisation of processing agricultural products, their storing, preservation, transport and distribution can be made available to peasants through Service Co-operatives and not necessarily only through co-operative farms or collectives. Even if it be argued that a large number of too small peasants are too poor and ignorant to become aware of the achievements of science and modern technology, a nation-wide movement of co-operatives and community development centres should be capable of placing all of them at the very doors of individual peasants, through the media of Panchayats, Service Co-operatives, Kisan Sammelans, Forums etc., in an acceptable and readily usable form.

We want the landless agriculturists also to gain full employment, social security and humane treatment from modern society. This can be achieved through the fixation and enforcement of decent and adequate levels of wages and fair conditions of treatment. They can be granted all the Government and Bhoodan lands and all necessary assistance to make their co-operative utilisation a success. They have to be given priority in industrial and commercial avenues of work. Family planning has to be developed extensively among them. The nation as a whole should agree to bear the burden of social securities needed by them. But co-operative farming which may possibly result in economy in the use of labour cannot be a solution to their problems.

We are convinced Co-operators, and we are actually engaged on the mission of persuading more and more peasants, artisans and others to organise both single purpose co-operatives and multi-purpose co-operatives to serve them in as many aspects of their life as possible. Therefore, we are ready to join all others in helping such of our peasants as are keen on making a success of experiments with "undivided" co-operative

farming even while being convinced that "divided" co-operative has so far yielded much better and surer results. Our complaint is that our planners have decided, so unscientifically and dogmatically, that undivided co-operative farms do not need any testing and are a reliable and sure means to better productive techniques and land use and higher yields and richer social life for agriculturists; even though in the tribal and collective-minded rural Mexico, "there is often pressure...for conversion into individual small holdings, where *members can be their own masters* and *escape the condition of labourers under a foreman*, even a foreman of their own choosing." The same FAO Survey concluded that "Throughout the period yields on private holdings remained consistently higher than on ejidos." Therefore, let our planners agree with Mr. Nehru that "we have to consider the conditions here and not blindly try to follow any dictates or any example of another country" but not to be carried away by his enthusiastic wish that "we have to go towards co-operative farming in the greater part of India" (Mr. Nehru's address to Co-operative Congess).

Even while such experiments are being made with "undivided" and "divided" co-operative farms, we desire that Government, Co-operators and all social workers should be doing their best and devoting all their resources to strengthen, inspire and serve the twenty crores of Indian peasant masses and buttress their economy with a fool-proof equipment of Service Co-operatives and help them to achieve better "land use", higher production and standard of living and continue to enjoy a stronger and nobler sense of freedom and independence.

We have tried our best to be analytical and open to conviction, and examined the case for co-operative farming as an alternative to peasant economy as made out by the Planning Commission and the western-oriented-economists most carefully.

In developing this thesis we owe much to our friend Dr. George M. Dimitrov, Secretary-General of the International Peasant Union and our good Socialist comrade Prof. Dinah Stock of the Colonial and Coloured People's Front. We have also received much help, in the form of constructive criticism and suggestions from many of the research scholars of Delhi and Bombay Universities and of All India Co-operative Union and Indian Co-operative Union. One of us, Mr. P.R. Paruchuri has of course made the maximum contribution to the evolution and publication of this thesis. The Indian Peasants' Institute expresses its thanks to all those who spared their precious time to see this thesis through the press and to those kisan

workers, without whose prompt co-operation the survey would not have been completed in such a short span of time, and also to the All India Co-operative Union for having published some of the Chapters in their Review in 1957-58.

—*Ranga*

July 1, 1958

CHAPTER I

PERSPECTIVE

We are living in a dynamic world. Human will is ever increasingly moulding it to its needs. In consequence of this process, society is undergoing rapid changes. Change is an essential symptom of progress just as stagnation is of impending decay. Yet every change may not be always towards progress. History is full of myriad changes which, in spite of the intentions of those who pursued them, never resulted in any progress. In fact, many changes even destroy much of the good a social system at a particular time may be possessing. This is obviously undesirable. Therefore, we have always to bear in mind the fact that the required process of change should carry over the good of the old to the new while eliminating the bad features. In India, we are out to attain today social transformation through planned and democratic means. Big things are expected and being planned for. Obviously, the process and those responsible for it, must always be informed by the fundamental truth of preserving from the past whatever is good to enrich the new that is intended.

II

It is common knowledge that we had been, and even today, largely a backward people inhabiting an undeveloped or under-developed country. But now we are determined to change this and are striving to achieve the same in a planned and scientific manner. Our goal is the establishment of a socialistic, democratic and co-operative pattern of free society. The elimination of inequalities, the raising of living standards, the enlargement of opportunities for all, the promotion of enterprise among the disadvantaged classes, and the creation of a sense of democratic partnership among all members of the community are some of the pre-requisites for achieving the goal.

In fact, we are already in the transition period. The process of change has started with the dawn of independence resulting in the gradual attainment of political democracy. Even as this first stage is being completed, we are at the threshold of the second—namely, the achievement of economic democracy. This, however, must be achieved without destroying or undermining such vestiges of economic freedom and social security as the economies of independent peasants and artisans that feudalism and capitalism have failed to destroy.

In this book we are concerned with one section of our economy and society—Agriculture and Peasantry. We are anxious that both farming and peasantry must be rid of all the drawbacks and handicaps from which they are at present suffering so that farming may yield all the food required by the nation and the farmer may be a better and happier man than what he is today. Therefore, we must carefully note the characteristics of our agriculture and peasantry with a view to know what should be preserved and developed and what must be eliminated in the light of our requirements.

III

Agriculture has always occupied, and even today retains, a place of pride in our national economy. It is by far the largest single industry of our country. As an occupation it overwhelmingly preponderates over other occupations. In fact, it is a striking characteristic of our national economy that the great mass of human life and effort, representing at least three out of every five of our countrymen, is devoted to farming. Some economists estimate that even by 1971, there would be in agriculture 58 % of our population. Agriculture with us is not merely an occupation; it is a tradition, a way of life. For centuries it has shaped our thoughts, coloured our customs and set our conventions. Nearly 90 per cent of villagers are directly or indirectly dependent upon agriculture.

Agriculture is also the principal source of our national income. In 1954-55 it alone contributed a sum of Rs. 45,000 million or about 46.2 per cent of our national income. Besides, it provides the bulk of our exports; oilseeds, lac, tea, jute and cotton figure as important items in our export trade helping considerably in earning the much needed foreign exchange. Again, agriculture is also the basis of our various industries including trade and transport. Sugar and Textiles depend upon it for their raw material requirements. Railways and other transport system get bulk of their business from the movement of agricultural products. Most of our internal trade transactions are in terms of agricultural commodities. Besides, our agricultural holdings represent, perhaps, the largest fixed capital in the country. Irrigation works, farm implements and live-stock further indicate the huge amount of capital investments in this industry. Lastly, it is the main source of food for the vast population of the country and also for our 177 million cattle.

However, a study of the present position of our agriculture almost inevitably leads one to say with

Dr. Clouston that "in India we have our depressed classes; we have, too, our depressed industries, and agriculture, unfortunately, is one of them".[1]

The backwardness of our agriculture is at once seen from its exceedingly low productivity. It is estimated that our agriculture yields only about one-third or one-fourth of what is obtained in other countries. And, what is more, even this dwindles to almost nothing during times of drought and famine whose frequency is almost proverbial.

Basically, such situation is caused by the absence of proper environmental equipment needed by agriculture *i.e.*, Socio-Economic Infra-Structure. As is well known, there is far too much dependence on the mercy of nature; there is the absence of irrigational facilities and safeguards against floods, droughts, pestilence and disease. The means of transport and communications are extremely inadequate. The capital invested in each unit of land in any year is negligible and the land is generally under-employed. Our cultural and cultivating practices and crop-planning are far from scientific. Moreover, there are no improved tools and implements, no quality seeds and manures, credit, transport and marketing arrangements. To crown it all, there have been no arrangements for imparting both general and agricultural education.

The poverty and backwardness of Indian agriculturists are both the result and the cause of this under-developed agriculture. There is much more population depending on land than what it can reasonably maintain, resulting in considerable under-employment and unemployment. This causes considerable land hunger and competition for employment among our villagers, resulting in too much fragmentation and scattered holdings. Most of the holdings are uneconomic and are, further, operated on bad business lines. Small and scattered as these holdings are, income from them dwindles to very little with the exploitation of the unorganised agriculturists by all the "key services" like middlemen, processors, traders, money-lenders etc. The result is that most of the agriculturists live below the subsistence level. Added to it, there are prevalent many social and economic conflicts in rural life preventing the development of any organised activity. The conflicts between different social castes and economic classes—the haves and the have-nots—are still playing their mischief. These and other things have thus created a vicious circle of poverty and stagnation in the agricultural sector.

It is obvious that this vicious circle of poverty can be

1. **Agricultural Commission Report, Minute of Evidence, Vol. I.**

broken only by the development and diversification of economy. And agriculture is the very foundation for such economic development. The rate of such development, in its final analysis, depends on the quantum of surplus that the agricultural sector can spare. Why? Because food is to be provided to the increasing number of non-agricultural people and raw material is to be supplied to the increasing number of industries that result from the diversification of economy. Also, the basic industries which determine the speed of economic development require the agricultural surplus for export to pay for the necessary imports of industrial equipment. Our immediate and most pressing need both from the point of view of society and agriculturists is, therefore, more adequate investments in agricultural productive activities, the maximisation of per acre yield, increase in agricultural production, raising the standard of efficiency and living of agriculturists and creation and maximisation of saving potential in the agricultural sector. To achieve this, the agriculturist has to be helped to become more efficient, more conversant with the science of farming and be freed from exploitation by the agencies of "key services". He must be rid also of all the socio-economic drawbacks and be brought into an organisational structure based fundamentally on his co-operation. And for this, obviously, we have to reform and reorientate our agriculture and there are no two opinions about this.

This reformation, however, must proceed through the men-behind-the-ploughs. Let us now see who are these men-behind-the-ploughs in our agriculture.

IV

Peasantry constitute these men-behind-the-ploughs in Indian agriculture. They are not agriculturists in the sense of capitalistic farmers, nor are they mere wage-earners employed by a capitalistic farmer or a collectivistic co-operative. In fact, our peasant is both an owner and a tiller of the soil. Farming to him is no doubt a business enterprise and source of employment and social security. But it is much more than that : It is for him a way of life. To him the land on which he works with his family provides both a home and a living. Such peasants among our 'Agricultural Classes' form about 80 per cent of the total (249 million). They include the owner-cultivators and tenant-cultivators. And it is about this class of peasantry that we are here concerned, not with the mere rent-receivers, the casual wage-earners or annual farm servants.

The ownership of land, as is commonly understood, is no doubt a characteristic of peasantry. But it is only an apparent

or a formal characteristic. The essence of peasantry lies far deeper than this. What constitutes this essence? Any cut and dry statement about the essence of peasantry will be inadequate, for it is a matter of spirit. To understand the essence of peasantry we have to look far deeper than merely to evaluate the occupation in the current economic sense. Peasant is to a large degree the votary, emblem and practitioner of Socialistic free, decentralised economy. An economic evaluation alone will put the peasant and his occupation in a grossly wrong perspective. A peasant, indeed, will have no place in any society where land is owned as a mere factor of production in a Marshallian sense with the sole criterion of maximisation of economic gain. Much of the misunderstanding about our peasantry, in fact, arises from such an inadequate perspective.

While evaluating such an occupation, it should not be forgotten that it is not only how much one produces that matters but it is equally important, perhaps more so, to know the way or manner by which one produces. That is, the social utilities arising from out of productive activity and effects, produced by that productive effort upon the persons engaged therein and through them on the rest of the community, are equally, if not more, important to be considered. The quantum of resultant production affords the economic wealth from a productive occupation. The social and psychological utilities arising out of such an independent and non-exploitative occupation provide the non-economic wealth and cannot be ignored. While earning their livelihood, men must also develop integrated personalities. They must be in harmony with themselves as also with their environments. Any society whose population is at peace with itself and whose producers are thus creative and free and enterprising in a non-exploitative manner is a creative asset of the world of free and truly civilised human beings.

Few other occupations ensure the foregoing more than farming. On land lives and thrives the peasant, not in any dead legal sense, but in a vital almost corporeal way. While he is at work on his own in agricultural production, a peasant is obliged to take worth-while decisions, which test and enrich his creative capacities. His personality grows and his freedom is ensured as, year after year, he bends all his energies to grow crops. Quite a number of the auxiliary and associated activities of a peasant yield satisfactions which are at once economic and hobby-like. The real value of this way of life arises mainly out of the manner by which he produces. His occupation is particularly rich in this non-economic wealth.

Farming is a creative activity and peasant is essentially a creator, not merely a producer bestowing economic utility.

His productive activities are biological in nature. He is not to work as a servant of the lifeless materials nor is he to undertake a mechanical work. He works with nature. He is, in fact, an artist who grows plants suited to him from out of what nature grows in its own fashion. He moulds nature to his own human ends, while in every sense engaged in natural activities. Diversity of work, opportunity to make worthwhile decisions and create in the image of his personality as contrasted with the dull, monotonous and mechanical industrial work is inherent in such natural activity. It is in the process of such work that he develops living contacts with nature and derives therefrom an immeasurable joy from his work. Such an occupation and work develop "in a farmer a creative desire—a desire to grow things and to grow with them."[1]

Let us contrast this creative activity with a purely productive activity. In the latter, work will mostly be identified with the disutility. It will, therefore, be strictly related to the economic remuneration. The productive agent will generally have no common interest with the work he does save that it yields to him the resources with which he can satisfy his own basic needs. To a labourer in a large factory, to an ordinary employee of an industrial concern, or to a scavenger in a municipality, his occupation very often conveys no other meaning except that it enables him to earn his bread.

To a farmer, on the other hand, his work is just what an artistic work is to an artist or a research work to the researcher. An artist or a researcher is no doubt interested in economic remuneration. But more than that these persons are interested in the very work they do because it is creative work. It is an admitted fact that there is no joy greater than the joy in creation. And nothing perpetuates an integrated personality more than happiness. To the peasantry this is given along with their work.

But creation demands its own pre-requisites. An artist creates and enjoys creation only when he is provided with the necessary freedom, discretion and when he is certain that the product of his creation belongs to him or, at any rate, is identified with him. So does the farmer. The peasant's occupation becomes rich in its non-economic aspect by the fact that it provides all the necessary pre-requisites for creative work.

Firstly, peasant can afford to be and is encouraged to be a creator because he is self-employed. Freedom in work is the *sine qua non* of any creative activity; and such freedom is

1. **George Henderson, "Farmer's Progress"—1949, p. 220.**

enjoyed completely in the peasant-occupation in the form of a self-employed status. Freedom in work implies that there is scope for self-expression to the worker. It is a great sociological fact that all of us like to feel that things depend on us, that whatever particular contribution we are able to make does count for something. Even those generally inclined to avoid responsibility enjoy exercising some skill even though it may be of the humblest type. For it is only then that we express ourselves fully and effectively. Material conditions are no doubt important. But the status, esteem, fellowship etc., are often as important, if not more so, as wages that are obtained by working. All these combine to give us a sense of freedom and significance.

Freedom in work is absent among industrial workers of today. And with what consequences? A most obvious feature is an unrelenting monotony, and ever-increasing number of dull, repetitive tasks which contribute nothing but boredom to the life of the worker. He has no say in the job he does, and does not know why he does it. His work is, therefore, nothing more to him than a necessary evil to be endured for keeping the wolf away from the door. The work itself affords no pleasure, let alone enrich his personality.

The peasant enjoys more than mere freedom in work, viz., the self-employed status. He is free to decide for himself—when and in what manner he is to work and where. He is certainly not a cog in the big impersonal industrial machine. He is responsible only to himself and his family. He has no boss over him to command and order him about, nor is he a boss over any one else. It is his job to make decisions, to implement them and to take the consequences in his stride. He grows plants and he grows with them in a full responsible manner. Whether his skill be of the humblest type or not, he has ample opportunity to exercise it and thus express himself fully in his work. He has the freedom and knows that he matters to a large variety of animal and vegetable world as also to a set of situations in which he has to work and live. More than that, he is free from the mercy of anyone for giving him employment. He is, by his very nature, self-employed. He is free from all organisational bureaucracy, bossism and meddlesome imposition which certainly kill one's initiative, enthusiasm and freedom to do a creative work and hinder the growth of personality.

The self-employed status further makes the peasant realise practically the dignity of labour and makes him an untiring worker in agriculture. The value of such self-employed status to individuals in the growing centralised modern societies cannot be over-emphasized. It cannot be better expressed than in the words of Prof. D.G. Karve :

"I personally consider that self-employment is more important than self-government. You have a feeling of being frustrated if you are working for someone, who, you feel, is not giving you a fair deal, who, you feel, is living out of the marrow of the whole community for his own benefit. Therefore, the basic principle of organising economic life must be self-employment. Therefore, even when you go in for mechanical devices, they also, as far as possible, should be kept within the limits of a single person and his family being able to use them efficiently. It may be that the level of efficiency becomes so very crude in the light of fresh knowledge. It is not merely a matter of economic advantage; it is a matter of what you may call self-expression of humanity. If you are for all times going to put on yourself the restriction that you must work always crudely, the expression of human intelligence, the human personality, human creativeness which is far more valuable than merely having a little wealth; this creativeness in man should not be shunned. All human progress, all human civilisation came out of giving a free scope to human inventiveness or human creativeness."[1]

Secondly, the peasant is not merely a self-employed person, but may also be the owner or proprietor of his own means of production. Such proprietorship implies the creation of certain permanent rights over the means of production which cannot be taken away easily by anyone. It works, therefore, in practice not only as a shield against any encroachments over the freedom and self-employed status of the peasant, but also as a security for the principle of social justice that "each man will reap where he has sown." It is because of the loss of such ownership or control over means of production that the proletarians of the world have had to hanker after communist leadership to help them to regain it, either individually, co-operatively or collectively.

Without these proprietary rights, the freedom of the peasant is confined only to the manual work he does just like a tenant. A tenant remains still a dependent in regard to employment as well as to the fruits of his labour because of the uncertainty or limited tenure over the holding. The spirit required in a creative activity cannot be sustained as long as he feels uncertain about the continuance of his freedom in work and self-employment and as long as he is not sure that the products of his creation will belong to him. The peasant proprietor is not merely a self-employed person like a tenant, but more than that, he is a fully independent individual and a master of his own

1. All India Co-operative Review. Vol. XXI (1955-56), pp. 310-11.

little environments. He is certain that his freedom will never go. He is certain that he will himself get the fruits of his labour. Hence the proprietorship of land to a peasant is not merely a security for livelihood as is generally understood in the pure economic sense. It is, also, a positive security for the maintenance of his freedom and social justice.

The peasant can afford to be free and independent even in this increasingly interdependent world. This is because of the ownership of his own plot of land and the cultivation of his own plot, whether owned or rented, with the labour of his family members, without depending too much on others, who have no common interest in the work. It is the ownership of the holding which provides him bread, work and the way of life, and security against any vicissitudes and the ups and downs of life. He is able to maintain the spirit of independence due to this provision of security for his life and work. It is because of these factors that he learns to be capable of making decisions, and makes them daily, and takes the consequences in his stride. The faculty and facility of making or participation in decisions is of primary importance in the growth and maintenance of his or anyone's personality needed so much by society. It is, moreover, the special gift made to the peasant masses by the peasant economy—a unique achievement in modern society which is being overburdened with persons without personality. Unfortunately, one of the first casualties of a regimented society, whether totalitarian or heavily centralised name-sake democracy, is this freedom of peasants. Hence the invaluable nature of the peasants' contribution to the democratic life of a society by providing it with the largest block or sector of fully developed, freedom loving and socially responsible toilers with full-blooded personality of their own. The non-economic values, resulting from such peasant proprietorship, create, in turn, among peasants more natural and less competitive and non-exploitative incentives and initiatives and ultimately make the land inseparable entity of the peasant. "It is only by ownership that the atmosphere can be created in which the peasant becomes part of the land and the land part of him".[1]

Lastly, the peasant proprietorship is functional by its very nature. Family farming is an indispensable and inseparable characteristic of the peasant occupation. The independence of the peasant is not gained at the expense of the freedom and independence of others. It is realised independent of others. This non-exploitative character is inherent in the system of family farming where the productive operations of agriculture are

1. Lord Ernle : Quoted by G. T. Wrench in "The Restoration of the Peasantry."

performed by the members of the peasant household, engaging hired labour only occasionally during peak seasons and that too on a very small scale. Thus the organisation of large-scale hired labour, as is found in industry, is quite alien to the peasant system of family-farming. It provides, therefore, no scope or least scope for the creation of employee and employer relationship problems. On the other hand, such relation as does exist is familiar as the number of persons working as hired labourers is small and they work with the members of the peasant household and not under their orders and supervision.

Thus the peasant is neither a capitalist (or landlord) nor a wage-earner. He is only an independent natural productive agent who could not find his place in the stereotyped class differentiation of Marx.

It follows from the foregoing, that peasant occupation inherits a combination of all the essential non-economic characteristics of creative production, namely, working with nature, self-employed status, and security-yielding non-exploitative proprietorship. These together constitute most of the real essence of peasant family occupation. These characteristics, it should be noted, are indispensable complementaries. The absence of any of these principal characteristics will make the occupation deficient to that extent. For the joy in creation cannot be realised unless one is self-employed. And these two will not be enjoyed to the fullest extent unless the peasant himself is the owner of the holding or at least enjoys security of tenure for a fairly long period. The reverse is also equally true. One becomes a mere exploiter and a parasite on the society if one only owns the land without working on it or contributing anything constructive to its fullest utilisation.

It is this essence of peasant occupation that provides "the perfect balance between physical and mental effort".[1] It should not be allowed to disappear under any circumstances. The tension-ridden, psychologically and physically imbalanced, and power-crazy societies of today are so badly in need of this very socio-economic sense of security, growth and display of personality and freedom that no price is high enough to pay for it. Hence the necessity to keep it, to foster it and to enrich it. In the words of Jorian Jenks "the homestead is the most natural way of living that we have. It is also the most direct means of obtaining primary wealth. If that which is natural and direct does not square with our current, social and economic philosophy, it may well be the latter that is at fault. For Nature is constant;

1. George Henderson, "Farmer's Progress"—1949 p.220.

it is only interpretations of her laws and our attitudes towards them which vary and must in the long-run be adjusted".[1]

Such then are the valuable characteristics that constitute together the non-economic wealth of the peasant occupation while the economic wealth of such occupation consists in the actual net production out of the holding. Economic wealth in the form of agricultural production is, no doubt, important both for himself and the society and, therefore, must be maximised by all possible means. But the non-economic wealth of the peasant occupation is also as important as the economic wealth. It also, therefore, deserves to be fostered with equal emphasis. Any scheme of re-organisation or re-orientation must, necessarily, enrich both sides of it and must not undermine the one for the sake of the other. If the aim is to maximise the economic wealth from agriculture it must be so attained as not to undermine the non-economic wealth and *vice versa*. It is against this perspective that we must view or judge any proposal made regarding the re-organisation of agriculture.

In the foregoing we have examined the characteristics, both good and bad, of our agriculture and of our peasantry. We have seen as to what must be changed and what must be retained and developed. We all are convinced that agriculture must be made free of its handicaps and helped to become a prosperous industry and the position of our peasantry bettered both as farmers and as human beings. The means for this is stated, by those installed in power, to be lying in the introduction of co-operative farming. Let us now study what is "CO-OPERATIVE FARMING."

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1. "The Small Farmer".—Edited by H. J. Massingham.

CHAPTER II

WHAT IS CO-OPERATIVE FARMING ?

The term "Co-operative Farming", which is amenable to wider interpretation within the broad principles of co-operation, is already interpreted differently by different people to suit their own respective objectives. A co-operative is after all an organisation of individual members who voluntarily come together to attain their common objective through self-help and mutual help. The only unalterable principles of co-operative organisation are the "one man—one vote" and voluntary membership. That is the reason why all types of farming from individual farming with only an iota of co-operation to collective farming with all its intermediary types like better farming, tenant farming, joint farming etc. are all included in co-operative farming. Such a broad and general definition can be appreciated if we take co-operative farming as a mere expedient of achieving a specific gain at a specific place depending on their respective circumstances and situations. But when we wish to adopt co-operative farming as the best system in our agricultural sphere, its broad and indispensable characteristics must be systematically defined. Otherwise, the existing confusion would be so much confounded that it can mean from everything to nothing.

Our intention here is not to attempt any such definition but only to analyse and study the definition mooted by the National Planning Commission (NPC) which is shaping the destiny of our country in a planned manner. We shall confine ourselves to that definition as embodied in the Second Five Year Plan and study the problem in its perspective.

I

"Co-operative farming necessarily implies pooling of land and joint management."[1] Such pooling implies not merely pooling of landed property but also of other resources like farm equipment and labour. The land and resources of a co-operative farm belong to that co-operative farming society consisting of different individual members and not to individual members of society personally.

All people working on the farm—both landed and landless—are members of the society and have equal rights (*i.e.*, one man,

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1. Government of India, Planning Commission : Second Five Year Plan 1956—p. 201.

one vote) in planning and executing the activities of the society. The members elect an executive body (*i.e.*, office-bearers) for a specific period with full powers to run the society on some broad and general rules agreed to by the absolute majority of members of the society. The executive thus elected will plan in advance all the operations of farming and execute them with the aid of members. It decides the crop planning, cultural and cultivating practices. It purchases the inputs of agriculture and sells the products of agriculture. All members will have to work according to its instructions and under its guidance and supervision. It will divide the work into manual, supervisory, managerial and planning, organise work-divisions and methods and assign work to different members. It prescribes the norms of work, formulates rules and regulations in work. It has the power to assess the work of respective members and decide their respective remunerations (wages) per each unit of work. It has to maintain discipline and see that members work and act according to the instructions. The net product (profit) of the society which is the difference between the value of total product and the sum total of the costs of inputs including wages, administrative costs and reserve fund will be distributed to the members either proportionately to work done by each person, proportionate to the land contributed by each person or equally among all members or any combination of them. Thus, it is a co-operative agricultural enterprise run on business lines by all the members themselves. This, in brief, is the ideal structure of co-operative farming as envisaged by our planners.

In co-operative farming, members of the society are expected to co-operate voluntarily. They are supposed to join the society voluntarily and to have the freedom to leave the society whenever they like. But Government is free to favour co-operative farming and to enact legislation to compel individual cultivators to join co-operative farming society if and when a particular majority of the cultivators of a village or area decide to join it. "It could be provided that if, for instance, a majority of the owners and occupancy tenants in a village wish to enter upon co-operative management of the land of the village, their decision should be binding on the village as a whole."[1] Again, a member might not be allowed to resume his own previous plot of land if he happens to leave the society.

Co-operative farming theoretically allows the ownership of land to continue and provide for the payment of ownership dividend. This may lead some to think of co-operative farming in terms of joint stock company. But such a concept of

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1. Government of India, Planning Commission : First Five Year Plan 1952—pp. 196-7.

ownership can remain merely theoretical, once we distinguish a co-operative from a joint stock company and view it in the context of other canons of co-operation. Co-operative is an association of persons with more or less equal rights and duties and not the association of capital like joint stock company. The essence of co-operative farming lies in the fact that the people working on the farm constitute a predominent section of the membership of the society, once landless workers are admitted into the society with almost equal rights. And co-operative farming is clearly intended by the NPC to extend equal rights to landless labourers since the ultimate aim of our planners is to enlarge the co-operative sector "until the management of the entire land in the village becomes the co-operative responsibility of the community."[1] "Once the stage of co-operative village management is reached and work opportunities developed in adequate measure within the rural economy, the distinction between those who have land and those who are landless will lose much of its significance. The true distinction then is between workers with varying skills who are engaged in different occupations, both agricultural and non-agricultural".[2] Such a majority of members of the society will naturally be tempted to make the labour and not the capital (owned land) the sole factor to be remunerated in their own interest in virtue of the power of their majority. Under such circumstances, the ownership of land is bound to remain a formal characteristic of co-operative farming and ownership dividend becomes a nominal and ineffective factor merely to satisfy the sentiment of the former owners and cannot be an effective and permanent feature of co-operative farming. Such and other concessions are, therefore, made by the NPC in their conception of co-operative farming only for reasons of expediency.

Such a definition of co-operative farming will become more explicit when viewed in relation to other types of co-operatives especially Farm Service Co-operatives and collective farming.

II

The terms "farm service co-operatives", "service co-operatives" and "better farming societies" connote more or less the same thing and are used as inter-changeables. In such co-operatives land belongs to individual families, not merely in legal sense but also in the sense that all rights and powers relating to the use of and benefits from the land remain with the individual

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1. Government of India, Planning Commission : Second Five Year Plan 1956—p. 206.
2. *Ibid*, p. 207.

family, and not with the co-operative, as a collective entity. Actual farming is carried on and managed by members of the peasant's family and they are the masters as well as workers in that sphere. They have the right and freedom to manage their fields as they like, work in the field whenever and in whatever manner they choose, sell the products of their farm and ultimately enjoy the fruits of their land and labour. Such cultivating individual farmers can, however, delegate their rights and powers regarding servicing, supplying, storing and selling to a co-operative, dealing in the supply of farm-needs, working capital, and processing and marketing of the farm-produce. Such a society does not abrogate the right of each farmer to manage his field as he chooses. The fundamental distinction between farm-service co-operatives and co-operative farming is that in the former, co-operatives are organised only to aid the production operations carried on individually while in the latter, they are organised to undertake even the productive activities. In co-operative farming, both the production, and servicing are carried on collectively and incomes are derived in proportion to the contribution of labour made by various members. The incomes of respective members of a Service Co-operative are dependent upon the incomes from their individual holdings plus their dividends from the Service Co-operative whereas the incomes of the members of co-operative farming society will depend merely on the contribution of their labour and the final dividend; possibly, if at all, augmented by some nominal ownership dividend.

III

There is vital difference between collective and co-operative farming. In collective farming the land and the resources belong to the State or to the society at large, and not to its members. Hence no question of even nominal ownership dividend arises in its case. The dividend of a farm will be distributed, therefore, strictly in proportion to the work contributed by the respective members. Secondly, in collective farms there is more of State control and direction and less of active voluntary participation of the members than in co-operative farming. The main policy decisions, the broad set-up of execution and administration of collective farming may be decided by Government, rather than by members. The real difference between co-operative and collective farming is a difference in the degree of governmental or external control and direction and of members' active voluntary participation through their co-operative decisions and directions. Lastly, collective farming is based not only upon undemocratic set-up but can only be brought about through undemocratic means. The morality

of means will not be considered in collective farming, while co-operative farming is expected to be brought about through strict democratic means *i.e.* through the voluntary wishes of the people That means, no physical force will be used and no legal enactment made to direct individuals to join the co-operative farming society. However, the Planning Commission is prepared to pervert this fundamental principle of voluntariness in co-operation to such an extent that if a majority of cultivators of a village are willing to join a co-operative farming society, the NPC feels that it will provide the moral sanction to use force on the minority and drag them into the co-operative farm. The only difference between this co-operative farm of the National Planning Commission's conception and collective farm of the Soviet type is that while only a majority can force the minority into co-operative farming, even a minority can coerce the majority in a collective farm. In short, co-operativisation of the NPC conception and collectivisation of agriculture to the exclusion of or in replacement of peasant economy can be achieved only through the use of compulsion whether it be of a minority by the fiat of a majority or of everyone by the fiat of the State.

IV

What are the implications of such a system of co-operative farming in the present day Indian context ? It is a well-known fact that a little over two-thirds of all the cultivable land is the private property of individual families and their one hundred and seventy million population and almost all the holdings are based on the family farming system in which the family members have a share in the management of their farm and constitute the main working force. Such owner-cultivating peasantry constitute 67 per cent of the total population depending on agriculture. The tenant-cultivators who also carry on their farming on family basis, constitute another 18 per cent of such agricultural population. The rest are the rentiers and agricultural labour.

Co-operative farming can certainly abolish the absentee landlords, and landlords of capitalistic type and the tenancy system which facilitates the growth of rentier class. But the most significant of all is that it threatens to replace in practice the system of family farming based on both peasant proprietorship and tenant holdings which constitute the predominant types in Indian agriculture. The family unit of cultivation will be merged into larger units on the advent of co-operative farming economy and all the rights and powers, associated hitherto with the proprietorship of land and tenant-holdings will be transferred from peasant families to the co-operative farming

society; even if the mere legal title for ownership and a nominal ownership-dividend may continue to be allowed to remain in a notional manner.

V

What are the advantages expected of such transformation of peasant family farming into co-operative farming? These arguments fall broadly into two categories—social and economic. Different people advocate co-operative farming to attain different objectives and their emphasis on social or economic arguments vary with their respective objectives. The following are said to be the basic and fundamental reasons for encouraging co-operative farming in the sphere of our agricultural sector

Firstly, co-operative farming is envisaged from the considerations of social justice. It is said to extinguish the inequality in the distribution of wealth and do away with the exploitation in agricultural sector. It will co-operativise the property besides developing in people the spirit of co-operation, self-help, and equality.

Secondly, many economic advantages are supposed to accrue from co-operative farming :

1. In co-operative farming, the farming can be done on a large scale and hence it will obtain all the economies of large scale organisation "*i.e.*, reduction in cost, specialisation and managerial skill."[1] On a large scale farm, the costs per unit of output are claimed to be reduced, and there will be more scope for the growth of specialisation and for the utilisation of managerial skills. "One has to think in terms of so organising the agrarian economy that a planned use of land, manpower, capital resources and managerial skills become possible. This calls for the pooling of land, manpower and capital resources by co-operative action so that it may be possible to fully utilise the available resources and also obtain the economies of large scale production. In a co-operative farm, the considerations of outlay and return apply over a much larger area."[2] Since the majority of holdings in India consist of too small units, they fail to employ, therefore, the labour and capital resources to their full capacity, resulting thus in wastage of much needed manpower and capital resources. "An important factor responsible for high cost is the heavy investment on fixed capital

1. Government of India, Planning Commission : Report of the Indian Delegation to China on Agrarian Co-operatives, 1957--p. 133.
2. *Ibid*, p. 133.

in the draught cattle and implements which remain idle over a considerable period. In India land is scarce and capital resources are limited and even these are today wastefully employed."[1] Hence co-operative farming is said to be very essential to manage the present agriculture on economic lines.

2. The adoption of co-operative farming in Indian agriculture is said to increase agricultural production to a great extent through the application of higher techniques of production, through the diversification of agriculture and through bringing about land improvements, which directly increase the production on each unit of land like better cultural and cultivating practices, application of scientific manures. It is said that these improvements would not be made so long as the people who decide them happened to be large numbers of ignorant individuals. The organisation of co-operative farming facilitates their development in farming as it can afford, unlike individual farmers to engage many specialists and scientists. "When a large under-employed population subsists on land, there exists, side by side, a large work potential."[2] There is said to be full scope for the diversification of agriculture by developing subsidiary occupations and industries. There is also plenty of scope for land improvements through the extension of irrigation facilities by the provision of more wells, tanks, embankments etc; through checking the process of soil erosion, construction of drainage system and removal of water logging. The undertaking of these permanent land improvements and diversification of agriculture create more employment in agriculture, increase the agricultural production and thus increase the income of agriculturists. The undertaking of these functions is claimed to fall beyond the scope of the small individual agriculturists owing to the magnitude of investment it requires.

3. In a country which has taken to planned economy for its economic development, co-operative farming alone is said to provide the best democratic organisation of the agrarian sector. Agriculture has to play a crucial and leading part in the economic development since capital formation in our underdeveloped country can be looked for mainly from the agricultural surpluses. Such a strategic sector cannot be left to unorganised individuals where decisions may not be in consonance with the social requirements. Co-operative farming will not only lead to capital formation but also run agriculture in accordance with the requirements of social needs. "The agrarian co-operatives

1. *Ibid*, p. 132.
2. *Ibid*, p. 129.

indicate the way for mobilising the national resources in which manpower plays the most dominant part...... To us it seems that they are today an historic necessity."[1] "In India, programmes have been undertaken for industrialisation and development of communications which already place a heavy strain on the available resources and a limit of deficit financing reached. Resources for the development of agricultural sector have, therefore, to be increasingly found from the savings in agriculture itself. In an agrarian economy based on family farming in small units, the possibilities for savings and capital formation are severely restricted."[2] "Without the producers' co-ops, the needs of each one of the 50 million families engaged in agriculture has to be ascertained and provided for. With the producers' co-operatives, the State will have to deal ultimately with less than half a million co-operatives which will become the organs of the State in implementing its welfare programmes."[3]

4. Co-operative farming is advocated also to remove the fundamental limitations of the present system of family farming which is said to retard the progress in agriculture. "We feel that the difficulties arise mainly out of the limitations inherent in family farming, which is characterised by the considerations of monetary cost (outlay) and benefit (return) to the individual farmer rather than social costs and social benefits."[4] "A cultivator takes up only such improvements as are remunerative for him. He may not undertake an improvement which does not give him return sufficient enough to enable him to pay back the interest and instalments of loan. Now, it so happens that in agriculture within a given price and wage structure, many improvements are not sufficiently remunerative. This sets a limit to the extent to which a cultivator could go on undertaking improvement through hired labour even if he were provided with all the supplies and finances required for the purpose."[5] Such family farming is to be "replaced by an institution involving organised action based on considerations of community's interest."

These are the claims made by the NPC and others in favour of co-operative farming as contrasted with family farming. We shall examine in the following chapter in great detail the truth of these assumptions one by one.

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1. *Ibid*, p. 138.
2. *Ibid*, p. 132.
3. *Ibid*, p. 134.
4. *Ibid*, p. 130.
5. *Ibid*, p. 130.

CHAPTER III

SOCIAL JUSTICE AND CO-OPERATIVE FARMING

It is true that our agriculture has to be re-organised and re-orientated both for social and economic purposes. Such re-organisation of agriculture implies in practice the re-organisation of the agriculturists—the class of peasants who form the very core of Indian agriculturists. As we have seen in the perspective, the society of peasantry is a harmonious blending of its two different aspects—social and economic. That means the peasantry is not merely an economic class of agricultural producers but also a social class with its own inherent and progressive characteristics. The system of co-operative farming, if applied to our agriculture, will not only re-organise present agriculture but will also result in replacing the existing family farming that is invariably associated with the class of peasants. Such replacement of peasant family economy is said by the Planning Commission to be justified by social as well as economic considerations.

In the present chapter, we shall deal with the social considerations. What are these considerations of social justice that should be extended into the sphere of agriculture? Do they really demand a system that would undermine or replace the social class of peasantry?

I

The nature of social justice we desire will naturally depend on the pattern of society we are aiming at. Hence, considerations of social justice in our agriculture must follow from our conception of socialistic pattern of society to which we are so much wedded. Let us now, therefore, see what is our conception of socialistic pattern of society and what is the place of peasantry in such a society.

Socialism, to the Indians of 20th century, cannot be an *a priori* doctrine. The traditional socialism was a mere antithesis of traditional *Laissez-Faire* capitalism. This latter had thoroughly failed and transformed itself into something else in its development during these two centuries under the impact of its internal and external forces. But traditional socialism would not change since its "doctrinaires have defined the means that were once thought to bring certain salvation, into ends in

themselves".[1] The result is quite obvious. It was clearly experienced in practice that the means they had adopted like the nationalisation of productive forces did not produce the end they aimed at viz, a socialist society. On the other hand, it resulted in dictatorship. The democratic institutions were made to disappear and the freedom and independence of the individual were lost. People became mere clogs in the huge bureaucratic machine. "In the Soviet Union, and later in other communist countries, Marxism has been taken to its logical conclusion. All economic power has been transferred to the State and the result is not a 'society of the free and equal'—as Marx believed—but a totalitarian tyranny. The State also commands all political power and so is subject to no effective restraints at all. It is an even sorrier fate for the worker to be at the mercy of the State than to be the victim of private capitalists,—for the State—unlike the capitalists—is ubiquitous. If capitalism is individualism run riot, then communism is collectivism run riot. The remedy is no better than the disease."[2] Thus, the traditional socialists, wherever they succeeded in coming to power, have not only failed in bringing socialism but also killed the existing democratic values.

Against the breakdown of these two stereotyped antithetical systems, traditional capitalism and traditional socialism, we need to investigate into the dynamics of socialism and find a philosophic substitute—a comprehensive and consistent view of socialistic economy appropriate to the mid-twentieth century—which combines the idealism inherent in our conception of the good society with the realism essential to bring it about.

Hence, we are obliged to start with the convictions that "there could be many models of socialism" that could be differently evolved out of different circumstances and that "the only unalterable principle in socialism was the abolition of exploitation of one man by another,"[3] and the creation of society on the basis of equality, freedom and fellowship. We now see before us a chain of events which convince us that democratisation of socialist economy is as essential as the socialisation of political democracy to maintain a stable social equilibrium in a society. We have already attained the preliminary equipment of political democracy. Our present problem is to bring about economic democracy, without destroying or undermining the former which will have to be simultaneously developed. That necessarily implies that the means we employ should be democratic.

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1. Socialist Union, "Twentieth Century Socialism" 1956—p. 17.
2. *Ibid*, p. 124.
3. Mr. Gomulka, Communist Premier of Poland in his speech of 20th Oct. '56 (Indian Express, New Delhi.)

The Marxian socialists equated socialism with the nationalisation or socialisation of land in agriculture. They found this absolutely essential to mould society into their "labour theory of value". Collectivisation of agriculture and proletarianisation of peasantry were, therefore, the ultimate aims of these *a priori* socialists. Means were not a matter of importance at all. The results of such attempts were obvious even to a casual observer of history. Force was a common weapon used indiscriminately in realising their objective. "From a careful analysis of Russian population figures made for the League of Nations, Dr. Lorimer concludes that there were some five million abnormal deaths in 1930's. More than half of these perished in the process of collectivisation. The rest disappeared in the excessive mortality associated with an unprecedented rate of industrialisation and in political purges."[1] Private property in land was abolished completely and all the independent peasantry were turned into the camp of wage labour in the name of social justice. But in such a process, peasantry lost all their freedom and independence, and ultimately became dependents. The whole machinery of collectives was bureaucratised. The net result of such collectivisation is to extend another form of social injustice.

We must clearly recognise that the system of co-operative farming adopted by these communist countries was only an expedient or the first step towards the collectivisation of agriculture. Wherever peasants' influence was great, communists had to take recourse to co-operative farming as a first step before they collectivised agriculture. They themselves frankly admit this. "The political leadership of the proletariat and the state enterprises and co-operatives, *directed* by the proletariat, as stipulated in this programme, are factors of socialism...... It is definite and beyond any doubt that our future of maximum programme is to head China for Socialism and Communism."[2]

"For thousands of years, a system of individual production has prevailed among the peasant masses under which a family or a household makes a productive unit. This scattered individual form of production was the economic foundation of feudal rule and has plunged the peasants into perpetual poverty. The only way to change this state of affairs is gradual collectivisation and the only way to bring about collectivisation is, according to Lenin, through co-operatives."[3]

1. Arthur Lewis, "Economic Survey", p. 132.
2. Selected Works of MaoTse Tung, Vol. 4, p. 274.
3. *Ibid*, p. 274.

Such political philosophy of socialism has no relevance to us because our agriculture is no longer based either on feudal structure or on capitalistic structure but is based only on the peasant-family farming which has been historically evolved from the traditional village communities which were akin to primitive communism. Nor do we theoretically believe in such an *a priori* doctrine. We oppose collectivisation of agriculture because it will kill all the freedom and independence and initiative of people, and reduces them into a camp of wage labour under the shadow of bureaucracy.

There is common agreement among the non-*a priori* doctrines as regards the negative aspect of socialistic pattern of society, *i.e.*, what socialism should not mean in our context. But there is no accepted theory as regards the positive side of it. The positive aspects that all of us agree about are rather general like equal distribution of wealth, abolition of exploitation, equal opportunities for all and democratic set-up. Beyond such general conceptions, which are amenable to wider interpretation, the precise nature of socialistic conception is yet to be evolved, and we are all trying to evolve such a concept in practice. Thus, in our case the tendency is for practice to precede theory contrary to the experience of the traditional socialistic countries.

But it is also essential to test at every stage whether the practice we experience or may be expected to experience is in conformity with the broad conception of socialism.

II

Co-operative farming is one such practice which is proposed to extend the social justice to the agricultural sector. Let us see what are these considerations of social justice that demand the organisation of co-operative farming and whether such organisation or system is in conformity with our broad objectives of socialism.

Such considerations would express themselves broadly as follows:

Private property in land is said to give rise to exploitation of man by man and thus create class conflict between the landed and the landless in agricultural sector. Such private property tends to encourage the possessive desire and makes individuals more individualistic in temperament and selfish in motives and anti-social in action and hence the system of private property in land must be abolished. But the nationalisation of landed property in the communistic sense is equally bad as it deprives the people working on it of their individuality, initiative and interest.

Hence, it should belong to such an institution in which its individual members could be expected to find scope to develop their individuality, initiative and interest. Such an institution can be the co-operative society which is, in principle, based on the voluntary co-operation and democratic association of individuals to secure the social and common ends through self-help as well as through mutual help. Such a co-operative institution will not only avoid all the unsocial consequences of both private and nationalised property but will also help its members to develop social and democratic attitudes and values. It provides equal opportunities to all people to develop their individual personalities and talents and provide scope for democratic practice and train them in Democracy. So, co-operativisation of agriculture is advocated by those who claim to be opposed to both capitalism and communism.

But the actual implications of such co-operativisation have to be clearly understood in this context.

The talk of abolition of property does not, by itself, convey any meaning. As defined by Roman Law, property constitutes the use, enjoyment and disposition of material goods that is land in our context. Hence, the abolition of landed property means not the abolition of land but the abolition of the use and enjoyment of rights over land. But these rights cannot be abolished by themselves. They can only be transferred from one to another. Again these rights are many in number and also separable. Viewed against this background, co-operativisation of landed property means that all the rights of use and enjoyment of land which are hitherto vested in the peasant families will have to be transferred to the people who are democratically elected by a number of peasant families forming the co-operative farm. That automatically means the dismemberment of the class of peasantry. What we have to see in the following pages is, whether this transformation : (*a*) eliminates the scope for exploitation and extend social justice to a greater extent than what is possible through the class of peasantry and (*b*) creates more co-operative and democratic spirit.

III

The scope for exploitation arises only when one has got the capacity and the will to exploit the other. But they are inter-related. The capacity to exploit generates usually the will to exploit while the will to exploit creates the capacity to exploit. The scope for exploitation, therefore, is bound to remain in any society as long as its members continue to suffer from imbalance

in their mental attitudes and as long as some of them have the capacity to exploit others. The scope for exploitation disappears only when such conditions are created in which no one has the capacity to exploit the other or everyone has the capacity not to be exploited and when the will of man becomes non-exploitative. Removal of exploitation, therefore, implies the simultaneous rationalisation of human will and disappearance of the capacities to exploit.

Now, where and how and when landed private property can lead to exploitation? Does the private property in land alone create opportunity for exploitation? Is exploitation the necessary characteristic of such a private property ?

This relation between private property in land and exploitation is an unfortunate historic coincidence. This conception arose at the time when people were exploited by propertied classes of all types under the feudalistic and *Laissez-Faire* era. It is well-known that private property showed its worst characteristics at that period and the whole power of property in the Western society was concentrated in propertied people who, therefore, exploited the propertyless in agriculture, industry and commerce. But that historic coincidence of the nineteenth century Europe and America could not be said to establish an absolute truth.

After all, both the propertied and propertyless can exploit each other under circumstances more favourable to either of them. In a large corporation of modern times, the owners of the property, *i.e.*, the different investors are politely and legally robbed by their propertyless officials who decide the policies, fortunes and destinies of the corporation.

Exploitation need not necessarily be economic and that too confined to landed property. It can also be social like caste system, apartheid and colonial system. It may take the form of intellectual exploitation. The propertyless people who are in a key position to exercise power can also exploit. The world has experienced the exploitation practised by feudalism, theocracy and capitalism, and also by communist countries. This is nicely described by a great Yugoslav communist leader in "The New Class":

"As is defined by Roman Law, property constitutes the use, enjoyment and disposition of material goods. The communist political bureaucracy uses, enjoys and disposes of all nationalised property........ The new class obtains its power, privileges, ideology and its customs from one specific form of ownership—collective ownership—which the class administers and distributes in the name of the nation and society." This is a class of new

exploiters—"a class whose power over man is the most complete known to history."[1]

Therefore, when we think of doing away with exploitation in a society, we must think not merely of that exploitation resulting from private property but also think of other existing systems of exploitation and probables. Once we ignore them and concentrate only on one form of exploitation then the other types of exploitation might come to occupy the vacuum and the existing systems and possibilities of exploitation might come to be replaced by worse and more disastrous systems of exploitation.

The fundamental source of exploitation is political and economic power—whatever might be its form. Unfortunately, human nature, at its present stage, loves only power. As Bertrand Russell rightly observes, "It is only by realising that love of power is the cause of the activities that are important in social affairs that history whether ancient or modern can be rightly interpreted."[2] "The fundamental concept in social science is power in the sense in which energy is the fundamental concept in physics."[3] To eliminate the scope for exploitation, therefore, power must not be allowed to be centralised but must effectively be decentralised. This implies the distribution of power and opportunities (as nearly as possible) equally among the maximum number of people or their groupings so that one does not have the capacity to exploit the other or one can afford not to be exploited. Hence the proposal to fix a ceiling to the holding of land and of every other property and power.

This brings us to the question whether the ownership of private property in land in peasant economy is inconsistent with the distribution of equal opportunities. In other words, are exploitation and unequal opportunities the necessary characteristics of peasant property?

It is necessary to recognise that property is an ambiguous term and covers a multitude of rights which have nothing in common except that they are exercised by persons and enforced by the State. Apart from these formal characteristics, they vary infinitely in economic character, in their social effect and in moral justification. There are properties which are capable of impelling the owners to acquire more property, power and exploitation as distinguished from properties which are actively and essentially utilised by their owners for the conduct of their professions for

1. Milovan Djilas—"The New Class".
2-3. Bertrand Russell—'Power'—a new social analysis.

obtaining employment and livelihood and for the growth and display of their personality and freedom. The former category which includes big industries, banks, commercial combines, great agricultural estates etc. facilitates the concentration of power, unequal opportunities and, therefore, exploitation. Again, in almost all such aggregates of property, the ownership is separated from the function or work that the owner performs, *e.g.*, industrial shares. Therefore, such properties are to be abolished if social justice is to be extended to all people, irrespective of birth, caste and creed.

But the latter category is functional property. In this case, property is the instrument of production to be used by the owner. Work is here inseparable from property. The owner works with his own instruments and reaps the full or partial benefits of his own work. Nor is the property such as to give rise to any scope for exploitation of others or depriving others of their legitimate opportunities. The small family holding of a peasant, the warping, sizing, and the weaving instruments of a weaver, the chisel, hammer and saw of a carpenter, the kiln, blow-pipe, hammer of a black-smith and the wheel and kiln of a potter, the stove, hammer, moulds and pan of a jeweller are few instances of such functional properties of producers and the houses and household properties and personal properties of consumers are other instances of non-exploitative private properties. As the father of Austrian socialism, Otto Bauer, rightly puts, "for the capitalist, property is a means of employing his capital; for the proletarian, artisan, the small peasant, property is rather a means of employing his labour."[1] It is wrong, therefore, to lump all types of private property into one category and then begin to deny their justification and proceed to demand their abolition. "It is not private ownership but private ownership divorced from work, which is corrupting to the principle of industry, and the idea of some Socialists that private property in land or capital is necessarily mischievous is a piece of scholastic pedantry as absurd as that of those Conservatives who would invest all property with some kind of mysterious sanctity. It all depends what sort of property it is and for what purpose it is used."[2]

The second point that has to be kept in mind regarding private property is that individual rights over properties are never absolute. On the other hand, such rights are conditional and divisible between individuals and society. The only question is as to who is to get what rights over a property. The British Socialist union rightly observes: "In fact, ownership

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1. M.R. Masani in his speech in Parliament of 30th July, 1957.
2. R.H. Tawney, The Acquisitive Society, p. 87.

consists of a bundle of rights. These rights are not sacred; they are upheld by the State and society. They are not fixed and unalterable; they can be changed and modified to any degree that State and Society desire and indeed they are constantly changing. Nor are they indivisible. Each separate right can be limited separately and by different methods; some can be in private and some in public hands."[1]

IV

In the light of this analysis, is the peasant proprietorship anti-socialistic? It is certainly not. It is unfair to view the peasant proprietorship over their family holdings merely as a kind of private property. The small holding of a peasant is not primarily or merely a piece of property. It is essentially a means of employment and living. It might have come to achieve a marketable value. It might have been transformed into and come to be looked at as a very valuable salable entity or property. It is coveted much more for its capacity to yield employment, and the consequent living provides an opportunity to enjoy freedom from being enslaved, bossed over by employers and serve as a source of economic independence and resultant social status or spirit of self-reliance; that is, all the attributes of self-employment. Such a sense of property is far above the nineteenth and mid-twentieth century conception of property. At best, what has come to be known as the "goodwill" of great industrial and commercial concerns might come somewhere near what is represented by this attribute of peasant-holding which is coming to be valued, as it should be, only during this post-war era. It is not at all like the private property which enables its owner to exploit the rest of society, using it as a decoy to gain unearned income by levying a toll on others as had been considered by Marx and Marxists. It is much more than the personal property, which Marx appreciated and exempted from his condemnation because, besides ministering to the personal and family needs of a peasant, it enables him to sustain his social freedom and economic independence. Therefore, it would indeed be a social crime to confuse peasant holding with the ordinary types of private property and proceed to condemn it and hasten to "liberate" society from its "coils" by inaugurating national campaigns in favour of the alternative systems of land utilisation such as co-operative farming and collective farming.

The special value of the peasant family holding essentially lies in the fact that it provides no scope for exploitation. Almost

1. Socialist Union, Twentieth Century Socialism, 1956, p. 156.

the entire work on the farm is contributed by family members and what they get from the farm is the remuneration to which they are naturally entitled in return for their work. The peasant proprietorship is not only non-exploitative in its nature but the rights it gives rise to are also positively related to the functions —socially necessary—that peasants perform.

We have to remember that generations of peasants had had to work so hard, plough back all their savings, be content with under-nourishment and under-clothing in order to turn their once barren lands or weed-infested Khans or forest covered into cultivable, fertile lands. Even today peasants are obliged to spend heavily in terms of labour, money and personal attention in order to protect their lands from the ever present threat of erosion, floods, pests and wild animals. The present day values of their holdings are mostly due to the capitalised value of labour, and personal protection proferred to their build-up and protection, with which they have been nurtured over many generations. Governments in India have had to spend several thousands of rupees per acre in reclaiming the Khans land through the operations of bulldozers and other earthmoving machines. To treat all this as merely functionless private property deserving of the same treatment as can be tendered to such profit-earning, exploitative shares in joint stock and private capitalist concerns and to attack it, as an unsocial accretion of ages is to display short-sighted and suicidal social morbidity. As the English Socialist and Philosopher R.H. Tawney rightly observes "whatever the future may contain, the past has shown no more excellent social order than that in which the mass of the people were masters of the holdings which they ploughed and of the tools with which they worked and could boast with the English freeholder, that it is a quietness to a man's mind to live upon his own and to know his heir certain."[1]

Sri Vinoba Bhave stated that to own land is a sin. We are unable to agree with this conception. So we quote here the reply given to it in the brochure of our Institute, 'Panchayat Landlordism versus Peasant Economy.' "To create employment for oneself and for one's family from out of one's landholding is to increase the area of economic freedom and not to commit a sin. To seek economic freedom and to avoid wage slavery is the most constructive and divine effort a man can make to justify the divinity in him for non-exploitative, constructive and productive purposes and to produce many times more from it than what is sown on it is to make God's earth

1. R.H. Tawney, The Acquisitive Society, 1955, p. 56.

productive and freedom-yielding and not to lead any sinful way of life. A small-holding peasant who hugs his holding and helps it yield freedom for himself and for society and employment for his family is the noblest architect of freedom and creator of employment and not an unproductive or exploitative privilegentsia as is the case with so many in professions. Mother Earth in their possession becomes enriched and is enabled to bear productive and heavy crops and is free from the slavery of barrenness and to treat such land as being imprisoned in the hands of smallholders is to mistake the vocation of Mother Earth. To separate the smallholders from Mother Earth is to cause painful divorce between her and her natural protectors and promoters."

Moreover, peasant proprietorship does not come in the way of extending equal opportunities to all people. After all *provision of equal opportunities does comprehend and does not exclude the widest possible distribution of land among people and not the abolition of landed property of the people.* The system of peasant proprietorship need not be disturbed only for the sake of achieving any such equal distribution. The fact that those who own less than ten acres of land form more than 75% of all the 50 millions of peasant families of India and that a ceiling is fixed for all landholdings is positive proof that the Indian peasant economy cannot give room for blatant maldistribution of even this type of functional property, nor can it stifle the economic stature of millions of small-holders vis-a-vis those who have more than basic holdings. There is no other similar property which has been so widely distributed and which is so conducive to the development of economic freedom of such large sections of masses. No wonder the Foundation Congress of the Asian Socialist conference, held in Rangoon, Burma, in January 1955, proclaimed that "It is the fundamental principle of Socialism that the land should be distributed among those who till it. Socialism considers the peasant entitled to public and state support......"

The Socialistic Union of Central Eastern Europe at its Fifth Congress (Frankfort, 1951) proclaimed that "the agrarian structure...should be based on private peasant ownership...."

We have to remember once again that the real characteristic of peasant proprietorship is not the mere legal title over the land but its capacity to assure the freedom-yielding-self-employed status. Certain restrictions if justifiable in the interests of society might be imposed on his rights over the land or some of those rights might be taken away from a peasant, without disturbing or undermining the real essence of peasant

proprietorship if such a restriction would serve a compensatory social purpose because peasant's rights over his land are never absolute. If there happen to be some people to whom opportunities to obtain land for gaining self-employment on it cannot be extended even after its widest distribution and the conferment of protection and necessary rights to tenants, the fault lies not in the peasant proprietorship, but only in the inadequacy of the land, unavailability of other employments, and over-pressure of population on land. So, the unemployed landless rural workers should be provided with other opportunities and all social efforts should be made to maximise non-agricultural employment. Depriving the two hundred millions of peasants of their far from adequate holdings and self-employment thereon and reducing them all into the miserable position of the other landless rural people and placing them all on the same plane of insecurity of employment and living, just because one-third of agricultural population do not have any such source of security of employment and living, is not a canon of social justice.

V

Peasant proprietorship has got a positive function to perform. Such property will not only abolish the scope for exploitation but also provides individual peasants and artisans with the capacity not to be exploited. The small holdings of our peasantry constitute their very foundation for the survival, enjoyment and exercise of social freedom and economic independence. In fact, it is "a condition of a healthy and self-respecting life." Peasants who own their holdings and tenants whose tenancy is protected cannot afford to be exploited because they can afford to be independent.

If peasant proprietorship over land that is associated with family farming is abolished, it will not certainly abolish the existing scope for exploitation associated with non-peasant farming. On the other hand, it tends to abolish the independent capacity of millions of peasants. When all the rights of the landed peasantry are transformed to some collective entity, whether it be a co-operative or not, the peasants working on the land would be turned into a class of dependents. This may very likely create much scope for exploitation in a different form. Because, the economic power which had been distributed among many peasant proprietors will now tend to pass into few hands of managers, directors and their favourites. After all, as long as man remains to be imperfect, "power corrupts and absolute power corrupts absolutely." We clearly see this from what had happened and what is happening in the Communist countries. The present trend of de-collectivisation

is only a natural reaction to the abolition of such peasant community and the divorce of peasants from the soil. "In Czechoslovakia some 40 per cent of the farms were not paying their way and a large number of them were permitted to disband in the fall of 1953. In Yugoslavia, more than half of the collective farms have been dissolved since 1951 under the new policy which permitted peasants to withdraw from them." "The number of the collectives declined from 7000 in 1951 to 2500 in September 1953." "Yugoslavian Parliament on April 27th, 1957 passed a resolution abandoning altogether the system of collectivisation. It pointed out that collectivisation has shown negative results, loss of interest on the part of peasants and decrease in production all round."[1] Under the New Course, "again and again, communist leaders admonish their bureaucracy to cease treating the peasants as an 'enemy' and everywhere but in Bulgaria, it has now been openly declared that the independent peasantry may be relied upon for the major portion of the agricultural produce."[2] *The decentralisation of power is, therefore, an essential condition for the abolition of exploitation of man by man in society.*

Peasant society would bring about such decentralisation of power. From the point of view of abolition of exploitation, the peasant family farming system would prove to be much better than any of its alternatives because the former not only abolishes the existing exploitation resulting from the accumulation of landed property in the hands of big landlords but also provides the maximum possible security against any sort of exploitation.

As a matter of fact, a self-reliant, fully equipped and educated peasantry provide the foundation for the progress and enrichment of decentralised democracy. Describing the importance of peasantry owning and cultivating their holdings from the point of view of national survival, Prof. C. Von Dietze writes: "Their sturdiness and fecundity; their ethos which subordinates individual self-seeking to family and communal welfare; their reverence for tradition which shields them from the extremes of intellectualism—these characteristic peasant qualities seem to offer special protection against the disintegration and degeneration which threaten as a result of excessive urbanisation and industrialisation."[3] They are the "survivals of an older communism and prototypes of future collectivism."[4]

1. M. R. Masani's Speech in Indian Parliament of July 1957.
2. Praegar—as quoted by Raj Krishna and others in "Some Critical Reflections on Co-operative Farming."
3. Prof. C. Von Dietze in his Article "Peasantry" in the Encyclopeadia of Social Sciences.
4. *Ibid.*

Politically too, they should be considered as the vanguard in our country in this social revolution even in accordance with the dialectical tenets of Marxism. The revolutionary role that has been theoretically assumed by Marxists to be the special quality of the proletariat of the capitalistic societies should be assigned under the same criteria of judgment to the peasantry in India in the present stage of development. Hence the peasant society based on family farming should be an indispensible ingredient of our socialistic pattern of society.

What we ought to do in the context of social justice, therefore, is not to abolish peasant family farming but only to strengthen and extend it to the maximum extent in agricultural sector. We are aware that our entire agricultural sector is not based on such non-exploitative peasant family farming. There prevail many imperfections. It is true that there are inequalities to some extent in the distribution of land. It is also true that in some cases the ownership of land is related more to the inheritance laws rather than to the function that the owner performs. There are about 5 million rentiers who live at the expense of the tenant tillers. The remedy lies in creating conditions by which such inequalities will be minimised, if not abolished, and ownership of land is made to depend more on the social function that the owner performs. The best means of creating such conditions is the implementation of the schemes of ceilings of land holdings and tenancy legislation in its true spirit. The sole dependence of ownership of land on inheritence might be minimised by taking measures which undermine the absolute rights of ownership on land and which will relate the rights with the specially necessary functions. But there may still continue to exist many landless labourers who depend on agriculture for their livelihood. And they may not be insignificant. There is every need to extend social justice to these down-trodden and so far neglected section of people. All uncultivated lands belonging to Government and Bhoodan lands should be granted to these people alone. The abolition of absentee-landlordism will tend to minimise the existing scope for exploitation of these labourers. Minimum agricultural wages should be assured to them. To enable them to achieve equal status with other sections of people, the creation of alternative occupational opportunities deserves priority in our national plan. Peasantry have, no doubt, a special responsibility in this venture. Creation of such and other conditions will remove the existing imperfections in the agricultural sector and lead to economic equality and social justice more than what the system of co-operative farming can be expected to achieve.

CHAPTER IV

CO-OPERATIVISATION AND CO-OPERATIVE FARMING

We have already noted the futility of the social argument for abolishing or undermining the peasant proprietorship and have shown the importance of independent peasantry in the socialistic pattern of society based on democratic set-up. So much for the negative side of the social argument. There is also a positive side advanced in favour of co-operative farming. We are told that peasant proprietorship will still remain in the system of co-operative farming but remain under different types of production relations. It is argued that co-operativisation of agriculture, apart from removing exploitation and extending social justice, will bring about a change in the mental attitudes and values of the people working on the land. It trains people in democracy in practice, facilitates the development of self-help and mutual help and makes individuals more co-operative-minded and social conscious and less individualistic. "The producers' co-operative will provide opportunities of working together for the various groups of people now held apart by social and communal divisions and thus bring about increasingly an emotional integration of the people into living reality".[1] When such are the definite benefits accruing from co-operation why should it not be extended to all activities of people? Why restrict it to a limited number of activities? Such co-operatives alone can provide the best mean between the two extreme systems of capitalism and communism, thus our planners declare.

Before appraising the truth of this assumption let us be very clear about some of the fundamental principles of co-operative philosophy. Co-operative organisation, it must be remembered, is a means to achieve certain ends and not an end in itself. The ultimate end of all such organisations and institutions is to make the individuals in any society quite happy and develop their individual personalities. It is supposed that this end will best be achieved by co-operative organisation. But in the process of developing co-operative movement, we should never deify the means into an end in itself. We should never forget that this movement is intended to obtain certain advantages to the participants and to the society and we need not organise or extend a co-operative merely for its own sake. These advantages

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1. Government of India, Planning Commission, "Report of the Indian Delegation to China on Agrarian Co-operatives", 1957, p. 134.

are of two types—material and moral. Co-operatives place equal emphasis on both, without sacrificing one for the other. Such moral and material benefits will be obtained if the members voluntarily participate in the common activity in its strict sense. The limit to the extension of co-operation in the activities of people will, therefore, be set at any given time either by the absence of moral and material benefits or by the absence of voluntariness.

Against this perspective, let us see how far the proposal of co-operative farming is in accordance with the fundamental principles of co-operative philosophy.

The first principle of co-operation is strict voluntariness. The existence of such voluntary participation of the members implies the existence of individual members who can afford to be voluntary and co-operate consciously to gain both social and individual benefits. The conception of voluntariness must be understood in its real spirit. Every decision of the individual that is not associated with physical compulsion, need not be considered as voluntary. The real spirit of voluntary co-operation will be absent if an individual is put in such circumstances that he has no option but to co-operate. Only that man can be said to have voluntarily co-operated if he co-operates even though he is free to stand alone and can afford to stand aside without joining the co-operative. Hence, the unit of co-operation must be an independent individual. "A co-operative association is not an impersonal grouping of capital, but in the fullest sense of the term an association of persons".[1] "The co-operative institution implies more than the group, more than action in common : it presupposes free and responsible persons who, in full exercise of their autonomy, have voluntarily joined together. Individual autonomy and independence are at once the precondition and the aim of common action."[2] As Mr. A. Vinet rightly expresses, "I want man to be complete, spontaneous and individual, so that as man he may submit to the general interest. I want him to be master of himself that he may be better be the servant of all... To give of himself, a man must be master of himself".[3]

Therefore, the co-operative is fundamentally federal in its structure. "Its basic elements are the little economic units and activities in which man is engaged on his own and with the members of his family. They belong to the initial and final zones of the economic process."[4]

1. Dr. G. Fauquet, "The Co-operative Sector" 1951, p. 21.
2. *Ibid*, p. 43.
3. As quoted by Dr. G. Fauquet in his book "The Co-operative Sector" 1951, p. 44.
4. Dr. G. Fauquet, "The Co-operative Sector" 1951, p. 47.

"It associates the autonomous units without absorbing them. From the start, it respects and later tends to strengthen in each member his individual independence and sense of his own responsibilities."[1]

As we have seen in the first chapter, the owner-cultivated peasant-family is the unit which has inherited all the best characteristics, required for a unit of federal organisation. He is an independent unit, not depending on any external agency for his survival. He can take a voluntary decision in its strict sense as he has no forces over him which can induce him to take a decision involuntarily. Because the unit is a natural family unit which is self-employed and owns the means of production which provides the security against any external encroachments. Hence, such peasantry are the best units for co-operative organisation which is essentially federal. This is an indisputable fact.

II

Once such independent units are brought into co-operative organisation, what are the limits to the co-operativisation of their activities? After all, co-operativisation of each activity implies the transferance of certain rights and powers from the individuals to a collective body, although it is elected. How far the independent individuals would give up their rights and powers to their collective entity ? It is too foolish and idealistic to expect of individuals to willingly transfer all their individual rights to co-operative entity. This brings us face to face with the question of individual autonomy versus collective activity.

We must remember that the idea of co-operativisation of all activities is the direct result or anti-thesis of extreme individualism of *Laissez-Faire*. Just as the traditional Marxian Socialism implying complete nationalisation of productive forces is the direct anti-thesis of traditional capitalism, so the idea of co-operativisation of all individual activities arose when extreme individualism was prevalent in Europe. But such a state of society exists nowhere. The modern technology and consequent complicated social life made co-operation between individuals an indispensable necessity. Again, even at theoretical level, the philosophy of co-operation does not exclude the healthy growth of competition among individual units. On the other hand, competition within healthy limits is an essential condition for ensuring steady progress.

We should not, therefore, view co-operation in juxtaposition with such individualistic philosophy, and then conclude that co-operation has no limits. The history of primitive peoples has witnessed such comprehensive co-operative communities.

1. *Ibid*, p. 48.

But those primitive communistic societies dissolved themselves during the course of evolution into individual family units and the social trend has been to make the family the ultimate unit. We consider this a progressive development. We have provided even for the division of family into separate units.

From a study of co-operative group known in Russia as artels, Paul Apostol came to the conclusion that these had two distinct origins:

"(The co-operative associations) of modern origin arose as a reaction against the individualist economic system. For, the idea of founding and developing them to be born, it was necessary to pass through a period of the complete triumph of individualism... On the other hand, the co-operative associations belonging to an earlier stage of civilisation are the product of a primitive, communist order. The dissolution of family communities obliged their dispersed elements to devote themselves collectively (*i.e.* grouped in artels) to many branches of economic production. As a matter of fact, the very progress of the artels has often been a sign of the forward march towards individualism."[1] The distinction drawn by Apostol throws into strong relief the complex character of co-operative association—the meeting and conjunction of individual independence and collective action.

"When co-operation originates in a reaction against the consequences of individualism, it institutes common action, without, however, suppressing individual effort, which on the contrary it evokes and encourages. From another quarter, the evolution of the old community-institutions has led to the same result and the same synthesis through the combination of the surviving collective elements with the acquired individual ones. Common action has in this case been retained, but it is now based on the free accord of individual wills."[2]

III

Such limitations have been clearly experienced in many co-operative efforts which had planned deliberately to create ideal societies.

We had an instance of Hutterite settlements in U.S.A. and Canada. Hutterites originally belonged to a group of people closely knit, each in itself and each in relation to the entire group, both spiritually and biologically, who were persecuted in Europe on account of their religious principles. They were forced to migrate from place to place in Europe for their safety

1. Quoted by Dr. G. Fauquet in "The Co-operative Sector", p. 41.
2. Dr. G. Fauquet, "The Co-operative Sector" 1951, p. 42.

and livelihood and ultimately they settled down in U.S.A. and Canada. Their religion was based on the strong faith in the principles of non-resistance and "what is mine is thine". Religious leader is everything for them and social control is actuated by customs and mores developed over a long period of time rather than by formal rules of behaviour. It is because of this religious faith and tradition, and because of the *esprit de corps* they have developed during their struggle for permanent home against their aggressors, that they were able to establish new settlements, with an unlimited and comprehensive co-operation. There was no private property and everything was held in common, including the kitchen and the residence. In such a society the success of co-operative large-scale farming is not at all a surprising factor. But these achievements did not last long. When they felt themselves assured of their settlement and when their religious fervour weakened, most of these settlements began restricting the co-operation to a limited sphere, finally dissolving themselves into individual holdings. "According to Deets, in January 1939, there were only 49 such colonies in existence, with a membership of 5000."[1] Even these, despite their considerable success in co-operative farming, do not prove conclusively that this type of farming was in any way more efficient than the neighbouring family farming. So the value of these experiments remained entirely social and non-economic.

Closely akin to this Hutterite experiment is the Kvutza in Palestine. This had been sponsored by Zionist Organisation, founded by Jews of all nations, with the intention of establishing a permanent Jewish Homeland for their unsettled and homeless nationals. Land was acquired in Palestine, and much capital from the organization's funds was invested in reclamation. The land was leased out only to those Jews who settled down in groups and took to community living. As Arthur Ruppin, head of the Palestine land development company, afterwards stated, "actually there was no choice in the matter; the question was not whether group settlement was preferable to individual settlement, it was rather one of either group settlement or no settlement at all."[2] "But, group settlement did not immediately take the form of the Kvutza. This type of socio-economic organisation evolved only step by step, in response to and under pressure of circumstances."[3] The Kvutza practises what is probably the highest possible degree of co-operation. There is virtually no private property. All things are owned in common. Work brings no personal recompense whatsoever;

1. Henrik F. Infield "Co-operative Communities at work" 1947, p.10.
2. Arthur Rippin, "The Agricultural Colonization of the Zionist Organizatio i in Palestine." Translated by R.J. Feiwel (London 1926).
3. Henrik F. Infield—op. cit. p. 118

even the money earned outside has to be delivered to the common purse. There is no work card, no advance wage and no sharing of profit. Every one, irrespective of his skill or efficiency, receives in turn for his work according to his needs whatever the Kvutza has to offer in goods and services. Even clothes are co-operatively owned. Up to very recently, only shoes and tooth-brushes were privately owned. All this was made possible by, and attributable to, the pioneer character of the settlements; to ideological motives, particularly the sense of historical mission, and more than anything else to satisfactions of spiritual character inherent in the life of the Kvutza. There were 79 such settlements in Palestine in 1940. It was merely communist socio-economic experiment rather than a venture in co-operative farming.[1]

Again, other types of co-operative settlements in U.S.A. like the New Llano and Sunrise Community were also experimented with. They were organised with socio-reformist ideals as against the religious ideals of Hutterite Communities. Job Harriman, a Marxist and founder of New Llano, describing the aims of this new venture, writes :

"Having been a socialist for 23 years and a believer in the theory of economic determinism and in Marx's philosophy of surplus value as determined by the social labour power necessary to produce products and the belief in materialistic conceptions of life, I assumed that if a co-operative colony could be established in which an environment were created that would afford each individual an equal and social advantage, that they would, in a comparatively short time, react harmoniously to this environment and the extreme selfishness and greed as it appears in the capitalists and in men of conflicting interests would be done away with.

"I also thought that the social relations......were vital and that every uplifting social means within our reach should be adopted as the refining influence necessary to the intellectual, cultural, and economic condition of the colony. The purpose of all this was to show that a community could live together in harmony, could provide its own living, direct all its members, maintain a higher standard of living than is usually maintained— and all with far less labour.

"I thought that if this could be done, then we could use this community as an example by which other communities could be built."[2] It is with such lofty motives based on rational approach that these new settlements were established reserving the

1. Co-operatives and Land Use by F.A.O.—1957.
2. Ernest S. Wooster, "Communities of Past and Present" 1924—p. 119.

membership only to the believers in these ideals. Private property was abolished and co-operation was extended to all spheres except in matters of consumption. But, unfortunately, they fell short of the ideal. Although they were successful in the initial stages, dissentions gradually crept in, and they were unable to overcome and resolve them. This naturally led to the practices of compromise, appeasement and expediency. According to Brown,[1] the new Llano management was anything but democratic. Thus, in course of time, it turned itself into producers' co-operative, limiting the co-operation to the achievement of economic ends and not of a new way of life. The eventual difficulty seemed to be the inability on the part of these colonists to develop a society financially sound. Hence, they had to be wound up, demonstrating the truth of Gide's statement, "If private property gives rise to conflict, so does community of property and even more frequently."[2] Mr. Harriman, in retrospect, admits that "theories or intellectual concepts play a very small part in our reactions"[3] and that "the ethical and spiritual quality......becomes of primary importance in community life."[4]

Why have they failed in practising comprehensive co-operation? Because there is the ultimate and irreplaceable and irreducible element of individuality in man, which cannot be imposed upon, or ordered about in accordance with the wishes of another. Why don't we advocate a common marriage, common kitchen, common house, common beds etc. Even the best and most idealistic whole-hoggers among co-operators fail to make a success of them. Why? Even the most passionate co-operators defend the case for personal property. Because such things safeguard the minimum individuality in man. As Thomas Carlyle rightly expresses it, "we must some day, at last and for ever, cross the line between Nonsense and Commonsense, and on that day we shall pass...from competition in Individualism to Individuality in co-operation..."[5]

Once we accept in principle the limitation for co-operation, what is the definite limit that can be prescribed at any given time and circumstances? As the foregoing analysis suggested, transference of individual rights will imply a loss of individual freedom. Individuals will be prepared for such loss of freedom if they hope to gain from co-operation either materially or morally so

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1. Bob Brown, "Can we cooperate" 1940—p. 209.
2. Charles Gide, "Communist and Cooperative Colonies" 1928—p. 11.
3. Wooster, op. cit., p. v.
4. Wooster, op cit., p. viii.
5. Quoted by Dr. G. Fauquet in his book, "The Co-operative Sector" 1951, p. 44.

much as to compensate the former loss. It is most natural that as we go on extending co-operation into more and more activities particularly of economic nature, we get the diminishing marginal advantages and a stage will come in this process where we need to strike a balance between its advantages and disadvantages before we introduce it into any additional activity. And that is the limit to co-operation.

IV

Let us now analyse in the light of such considerations the impact of co-operative farming on the independent peasantry and see whether it can develop or undermine the independence of such units, *i.e.*, peasant families.

Co-operatives are in fact as essential for the survival of independent peasantry as is the independent peasantry for the survival and success of the very essence of co-operatives. Co-operation should not be understood to mean only co-operative farming, since Service Co-operatives have come to play a significant role in most of the non-farming activities of peasants, and it is through their development and utilization that Japan, Denmark, Scandinavian countries have been able to rehabilitate their peasantry and engender maximum possible co-operative virtues among their peasants. Independence should not be understood here as complete non-attachment and isolation but only as non-dependence on others and non-subordination to others enjoying coercive or co-operative powers over so many of them. History has accumulated sufficient evidence to indicate what would be the pitiable fate of society if its independent units, like peasant families, are let loose to compete with each other, without any scope for their mutual co-operation. It would ultimately lead only to the dependence of many over a few or enslavement of most of the people to a few aggressive persons. Again, in this increasingly complicated and interdependent society small independent productive units would not be able to maintain their real independence without conscious co-operation among themselves in as many spheres of their economic activity as is conducive to the strengthening of their real and ultimate independence as effective, productive and progressive self-employed citizen. Co-operatives would and should tend, therefore, to develop the independence of such small peasant units. Such co-operative organisations should be encouraged, also from considerations of social hegemony and full-fledged economic democracy. Hence, our support to the movement to organise Service Co-operatives. Through such co-operative organisations, peasants might be able to enjoy democracy in practice and develop in themselves democratic and co-operative spirit, provided their basic freedoms to run their

farming operations through their own planning and choices, are not in any way abrogated or transferred to any organisation over which their control would only be nominal.

But co-operation, if taken beyond that point, tends to undermine the very independence of its units. As long as co-operative organisations continue to aid the productive or social activities of its members, they continue to be the servants of their members and fulfil their fundamental function of enriching and energising the personality of the individual members. But once they begin to decide upon and dictate the daily activities of their members, they become their bosses or masters and deny them the most essential freedoms which they have come to enjoy, as the hall-mark of their peasantism and reduce them to the plight of wage-labour. Then, all members of such co-operatives suffer the loss of independence and tend to become dependent on their organisation for their daily labour and livelihood. Such dependent-members cannot long manage to exercise and exhibit their initiative, enterprise, independence and fearless critical faculties and creative activity.

All types of co-operatives organised by individual peasants to supplement and strengthen their productive activities, which are organised on family basis tend to strengthen the independent nature of individual members. But co-operative farming which embraces the entire productive activity of all their members, leaving no scope for the exercise of personal sense of responsibility and enterprise, will undermine the independent nature of peasantry and make them listless, irresponsible, unenterprising and inefficient federal units. Today most peasants are being exploited by the 'key services' such as money-lenders, processors, those providing transport marketing services. So co-operative societies organised for providing these key-services more efficiently and cheaply would be welcome. Peasants are keen on having such Service Co-operatives, since their services can be greater than any loss of freedom they may cause in the process.

We need co-operation in most of the social activities of our people, so that we can develop ourselves to be more effective and happier social beings. But we would not ask for co-operative organisation in organising common residences and common messes. Why? Because they are closely linked with our personal freedoms. So is the case with actual farming in the case of peasants. What a home or family-life is to an individual, farming is to Indian peasants. There might be cases in foreign countries where farming has become a mere business enterprise; and is therefore no longer related to personal freedom of the farmer. In such cases, whether farming is done individually, co-operatively or collectively it may make no difference to the independent status of farmers. But the situation in Indian farming is entirely

different. As has been clearly explained in the first chapter, a farm to the peasant is a home and place for work, a source of employment and an arena for the exercise of personality. It is an essential weapon with which he wrestles with dame nature. It is his laboratory for the development and display of his personality and that of his family. But in co-operative farming, the rights, freedom and powers of individual peasants over their personal belongings and activities—*i.e.*, farms—would be transferred from them to a collective entity *i.e.*, co-operative farming society. It would be the co-operative society that makes the crop-planning, also daily work-plans and provides the work and means of subsistance to its members. It is their master in the sense that all the members are expected to obey its directives. The individual will have no separate entity except that he is one among many. Poverty has the power of making people dependent and slavish. If power nexus is added to the power of poverty, the dependence of man is complete. In the absence of full-employment for all the working population and incapacity of agriculture even when it is fully collectivised or co-operativised to afford full-employment for more than 75% of the present agrarian population, even at its best, such dependence of peasants upon the goodwill of the managers of co-operative farming will degenerate into demoralising and dishonourable economic and social slavery and political suicide. For, in any co-operative farming society, power would move into the hands of only few and they would be superhuman if they do not degenerate, in time, into a power-mad clique. The rest of the members come to depend on them because there would be too much competition for work among them. Against the existence of limited opportunities, there would be too much rush to win the favour of those ruling few in whom power would come to be concentrated. Such a state of affairs would not help or permit any member to remain independent for long, as he has to earn his livelihood anyhow. The result would be that all the federal units, that is peasants, would tend to be weak and dependent. Co-operative farming as defined by planners, would thus come to be inconsistent with the very philosophy of co-operation when it comes to be practised in our context of unmitigated unemployment and under-employment and absence of social securities, other than family-holdings.

V

There is also another way of looking at the problem. It is from the pragmatic considerations. Co-operative organisation is fundamentally a voluntary organisation and the extent of its development depends *pari passu* on the existing spirit of co-operation and mutual help and confidence among people. "Being federative, co-operative organisation is not obliged to

conform to any pre-determined scheme in its development. It is less a planned construction than an organic growth in which each new creation and each new stage is conceived and accomplished only as a function of needs arising out of earlier developments and at the cost of renewed inventive effort."[1] It implies that co-operative development in the increasing number of socio-economic activities takes place only gradually and by various stages. Any plan for extension of co-operative organisation into any additional activity should be undertaken only when co-operation has succeeded in earlier and more urgent activities or stages, as co-operative development is an evolutionary process by its very nature. Whether co-operative farming becomes successful in our context depends upon whether co-operation at the earlier stages of activities like credit, processing, storing and marketing succeeds or not. It is well-known that such an important committee like the Rural Credit Survey Committee which thoroughly investigated into the working of co-operatives in the field of agricultural credit, made no bones to accept their complete failure. It is noteworthy that co-operation has failed even in such an important and most urgent economic activity like agricultural credit. The Report has brought to light many fundamental defects responsible for the slow growth of co-operation among agriculturists and the economic and social conflicts in rural life stand first among them.

The first thing that should be done in promoting co-operation is not to extend co-operatives in all fields in too much of a hurry but to make haste to remove the very factors existing in the society that *kill* co-operation at its very root. The presence of varied conflicts, shows the absence of co-operation and mutual confidence. If we try to extend co-operatives even in the more complicated and less urgent fields without removing these fundamental conflicts and creating the proper and necessary conditions, they are bound to be a failure. If we persist in such an unnatural effort, it is likely to adversely affect even the existing co-operatives. Hence, we find no justification for co-operative farming as a primary means of implementing co-operative philosophy.

VI

Co-operative farming will not stop at undermining the economic independence of individual agriculturists. It is bound to affect the very social system of peasantry. The real value of peasant occupation lies, as we have seen earlier, not so much in the economic wealth derived from it as it is in the non-economic wealth it provides. The self-employment status of a peasant

1. Dr. G. Fauquet, "The Co-operative Sector" 1951, p. 48.

and the ownership—permanent in the case of proprietors and periodical as in that of tenants—of the very means of production on which he is employed and with which he employs himself are the basic foundations of such non-economic wealth. They are priceless. They are the very stuff with which social wellbeing of any country can be achieved. Therefore, to enable these crores of self-employed toilers (peasants) to continue to enjoy their status and freedom from economic slavery and from dependence upon employers—whether capitalistic or communistic or co-operative—should be the aim of all freedom-loving socialists. Co-operative farming has to be viewed not merely from the stand-point of peasant ownership of land but also from that of the self-employment status that peasant economy confers on both peasant proprietors and tenants. Socialism and communism aim at reinstating the toilers of the world who have lost ownership over their instruments of production as the owners of the industries, if not individually, at least collectively. But whenever and wherever peasant economy prevails, such ownership is enjoyed here and now by the crores of toilers.

Let there be no fear that we may be opposed to any co-operatives to deal with any activities connected with agriculture, just because we indicate the danger of loss of freedom of peasant implicit in such all embracing management of co-operative farming. We have already cautioned that such disadvantages should be more than balanced by definite advantages to be gained from co-operatives. We are all in favour of Service Co-operatives because, their advantages have been demonstrated all over the world, to be much greater than the incidental disadvantages. The imponderable benefits accruing from Service Co-operatives are much more valuable.

It can be clearly seen that the organisation of co-operative farming, implying pooling of land is bound to affect adversely these two characteristics of peasantry. Co-operative farming would make the ownership of land passive or inactive. The co-operative proprietorship of land can no more work as security against the external encroachments on the freedom and independence of peasants because the real decisions regarding all important matters of their occupation lie in theory at least with the collective body in which a peasant would be only one unit and in practice the executive committee may be beyond his influence. If that collective body encroaches on his freedoms unjustifiably, there is no security to fall back upon in the face of the historic experiences of such passive ownership. Secondly, the self-employed status of the peasant in its true sense will be lost in the co-operative farming. The freedom, which a peasant now enjoys in planning and executing his daily process of work

will not be there but he would be one of the many, to lead and supervise whom, the co-operative farm and its committees would enjoy the freedom and privilege. In that ultimate collective entity which would really be the sub-committee, he would generally have no place. It will decide for him what work he is to do, how and when to do, and with what prizes, privileges, punishments or blandishments. The loss of freedom in work is the first and most important casualty of co-operative farming. Such a loss would mean the loss of the very joy of creative work, display of personality and enjoyment of independence, while at work, which are today the chief non-monetary advantages and ever inspiring imponderables attached to the system of peasantry.

Thus, whatever might be the economic benefits that co-operative farming is going to confer on the individual peasants, it is bound to destroy the existing non-economic wealth of the class of agriculturists—the peasants.

But is the economic benefit to be conferred worth such a cost or sacrifice? In the following chapters, we shall examine whether there are such compelling economic factors that demand co-operative farming or whether there are any economic benefits that co-operative farming can confer which cannot be obtained through Farm Service Co-operatives.

CHAPTER V

ECONOMIES OF SCALE AND CO-OPERATIVE FARMING

We have seen in the earlier chapters that social considerations can never justify the replacement of peasant family farming by co-operative farming. On the other hand, they demand the retention and development of peasant society for ensuring stable social equilibrium. But there are also economic considerations. We know that the class of peasantry is a harmonious blending of its two different aspects—social and economic. A change in one aspect causes a change in the other as they are inter-dependent. The redistribution of land through the introduction of ceilings on land holdings and hence on income is purely motivated by our social need to extend social justice in agrarian sector although it has its adverse impact on the economy of agriculture which has to adjust itself to the new situation. So also, the social aspect of peasantry has to reconcile itself to its new and pressing economic demands, if it is to survive. So many scientific techniques have been invented in the field of agricultural production that the social system of peasantry, whatever might be its social merits, cannot afford to be a stayput in such a dynamic process. In the present chapter, we shall see whether there are any such impending economic factors that demand a radical change in the peasantry in India and if so, how our peasantry should and could readjust itself to such a situation.

I

The most pressing economic need of our country at this present stage is to increase agricultural production. This is to be effected mostly by increasing the output from each unit of land. In order to achieve this, it is believed by NPC that the scale of farming should be raised. We are told by our planners and some of our economists that large-scale farming will substantially increase production because of two important factors:

(1) The economies of large-scale operations, and

(2) Better management and organisation.

The economies of scale is the principal argument advanced in favour of co-operative farming on economic grounds. We shall, therefore, analyse this contention and see how far it is true.

In analysing the economies of scale in agriculture, we are to remember the distinction between farming and non-farming

operations. While the farming activities refer to the operations from ploughing to threshing, the non-farming activities in agriculture include the credit, storing, marketing, processing operations and other activities connected with the infra-structure of agriculture such as irrigation—major and minor—projects, transport, agricultural research etc. This distinction in agricultural activities is necessary for two reasons. Firstly, co-operatives for the non-farming operations do not affect adversely the class of peasantry but do benefit them. They can strengthen them. But the co-operatives organised for farming operations with the pooling of land is bound to affect them adversely in many ways. Secondly, the economies of scale resulting from farming operations can be separated from those of non-farming operations. Co-operative farming is mainly envisaged to reap the economies of scale in farming operations only because the economies of scale in non-farming operations could be obtained by organising Farm-Service Co-operatives even in the absence of co-operative farming. Again, the nature of these economies are such that co-operative farms by themselves will not be in a position to fully reap all the economies. For this purpose, they themselves are to be organised into larger federal units. We, therefore, have to restrict our analysis of economies of scale to farming operations alone to examine the justification for co-operative farming.

II

If maximisation of gross production per acre is the only criterion, irrespective of any other practical considerations, the scale of farming will have nothing to do with production. Then, one can go on applying labour and capital in their proper proportions until the marginal application of a factor unit produces no additional product because of the diminishing returns resulting from nature of land at any given state of knowledge and technique. And, this is possible only if all the other factors of production are free.

But in the actual world factors of production are not free. On the other hand, they are scarce relative to our unlimited needs. Hence, production has an indispensable correlation to cost that is to be incurred on these scarce factors. Every additional product has to be weighed against the additional cost it involves. We produce only so far as our increasing costs permit and we incur costs only so far as we produce with an advantage. The production equilibrium will be reached when the marginal product is equal to marginal input at which both net and gross production will be maximised. Here we take marginal input as an abstract concept, a sort of combined unit including all sorts of

inputs in agricultural production. This principle holds good both in the individual and socialist economy if the aim is to bring about an optimum allocation of resources at any given time. This is shown below graphically :

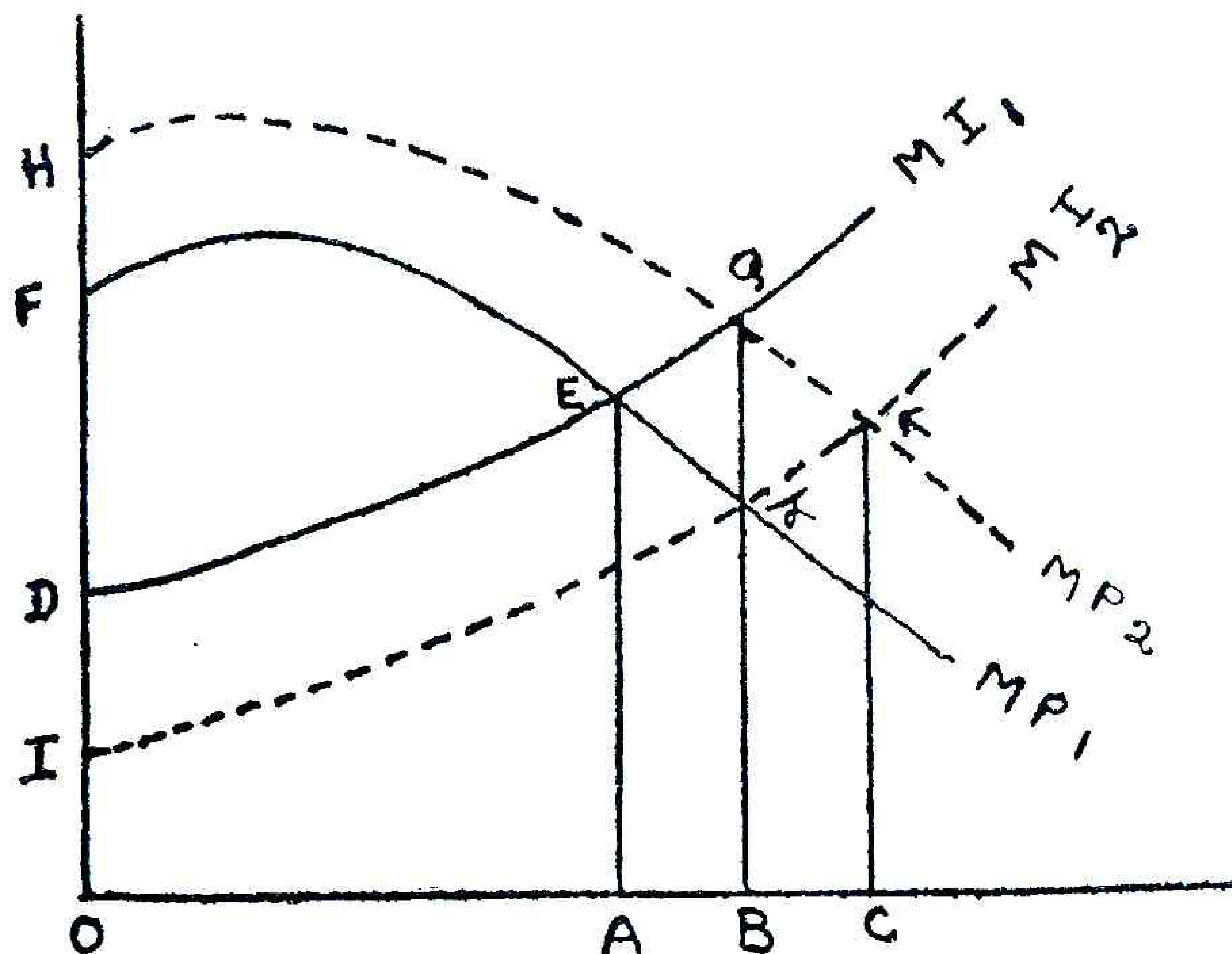


Figure No. 1.

As the graph clearly shows, we can increase gross production per acre from OA to OB either by increasing the marginal product curve (MP_2) or by lowering the marginal input curve (MI_2) and from OA to OC by doing both. Simultaneously, we can increase producer's surplus or net production from DEF to DGH by MP_2 to IJF by MI and to IKH by effecting both.

To put it in non-technical terms agricultural producers maximise their gross production when they maximise their 'producer's surplus'. They can increase this 'producer's surplus' at any given time either by increasing the gross production per acre at a constant cost or by lowering the cost at a constant gross production per acre.

Of course, we must be quite conscious of the limitations of this marginal technique when we try to apply it in the sphere of agriculture since it holds good mostly in the field of industry.

Firstly, unlike in industry, the marginal product curve is less independent on the marginal input curve in agriculture. As we all are aware, agricultural production depends as much on seasonal and climatic irregularities and on other uncontrollable forces of nature as it is on the costs and management. We see cases where production fluctuates very widely without any variation in costs and management due to the occurrence or otherwise of droughts, floods and seasonal irregularities. Again, even if the seasonal factors remain constant, in agriculture, the

relationship between input and output need not necessarily be constant. Hence arises the relatively greater risk in agriculture in taking a decision on inputs.

Secondly, inputs in agriculture influence output only to a point beyond which the fertility of the soil becomes a conditioning factor at a given state of agricultural science and technology. Even in industry, a plant might be subject to the same condition. But that can be replaced by a new one while land cannot be. That is why, we have a more downward-sloping marginal product curve and the identical relation between marginal product and average product will be reached much earlier in agriculture than it would be in the case of industry.

Lastly, we see in the under-developed economies like ours that peasants go on producing even if it does not cover the cost of inputs. Here inputs must be understood not merely the monetary inputs a peasant incurs but also the real inputs *i.e.*, normal return for his entrepreneurship, the remuneration of his family labour and the other inputs like animal wastes that his family supplies without incurring any monetary expenses. If the products of land just cover all these, that plot of land might be called a marginal holding and the income the producer receives from it might be called an "incentive income" in the words of J.R. Bellerby.[1] But in practice, what we have in India is not that marginal holding as defined above but a "subsistence" holding[2] and what a producer receives in such holding is not "incentive income" but a "subsistence income". This is because of the over-supply of one factor—labour—in relation to other scarce factors. That is why, more peasants living in these sub-marginal lands go on producing if only that covers their monetary costs and maintains their families at what has come to be the customary sub-human subsistance level. This is not only because of the external factors like the lack of alternative employment but also due to the lack of internal opportunities to improve the land like

1. In his book "Agriculture and Industry Relative Income" 1956, J.R. Bellerby defines incentive income as follows :

"The aggregate 'incentive income' of this group (Agriculture) is ascertained by estimating the total factor income of agriculture—i.e. Agriculture share in the national income at factor cost—and substracting from it agriculture net rent, interest, the wages and salaries of farm employees and the income of any independent agriculture personnel, not ordinarily classed as farmers. The incentive income per man—equivalent of the entrepreneur group—is found by dividing this residual aggregate by the adjusted number of farmers and relatives in the group."—p. 16.

2. Dr. V.K.R.V. Rao, commenting on the article entitled "Marginal Analysis and Subsistance Agriculture —a note" by Dr. P.K. Mukerjee, in the "Indian Economic Review," February, 1955 states :

"It is therefore the subsistance holding that takes the place of the marginal unit as far as the Indian agriculture is concerned."

credit and better knowledge. Due to these special circumstances, a peasant will equate all his family's non-monetary services to a subsistance income. He is unable to think of his "incentive income" since he does not find any alternative incentives to leave his land.

These are the main limitations of our marginal analysis which have to be kept in mind while we apply it in agriculture.

III

In the light of this marginal analysis, where does the scale of farm play its part in increasing production?

We have seen that the net production per acre can be increased either by increasing gross production at a constant cost or by reducing the cost at a constant gross production. At a constant cost, gross production can be increased by efficient cultivation and by application of scientific knowledge and methods of farming. At a given technique and state of knowledge about agricultural science, this gross production can be maximised by efficient management. Thus, the relationship between management and production is direct. As to the other, the reduction of cost at a given gross production can be effected by optimum allocation of resource inputs *i.e.*, by minimising the average costs. Here the relationship between cost and production is indirect because the reduction of costs tends to increase the surplus of the producer, thus enabling him to effect improvements to increase production progressively.

Although these two conditions have been discussed separately for analysis, they are inter-dependent in practice. It is the efficient management that allocates resource inputs to an optimum while it is the nature of inputs that determines the efficiency of management.

Now, let us see first, how the size of the farm lowers the average costs. Let us assume that agriculturists purchase and sell all their inputs and outputs through their co-operative societies. Because however large the size of the farm might be, the economies of these purchases and sales can be fully realised only by undertaking them on a much larger scale.

Once this is done, the costs that remain are those that are strictly related to farming. These costs may be distinguished as divisible and indivisible costs. The divisible costs like fertilisers, seeds, manures, electricity etc. have no relation with the scale of the farm. They can be increased or decreased without any effect on average costs as the size of the farm increases or decreases. *It is the indivisibilities in farming that have a*

direct relation to its size. Because every indivisible unit will go on reducing the average cost until it is used to its full capacity. And to minimise this average cost, the size of the farm must be adjusted to make use of these indivisibilities to their full capacity. The nature of these indivisibilities depends upon the techniques we adopt in our agricultural operations. The pair of bullocks, the labour of the family, the implements like cart and plough etc. are the indivisibilities in our traditional system of farming and there is a minimum size of the farm that can utilize these to their full capacity. In fully mechanised agriculture machinery forms the main indivisibility which needs its own minimum scale of the farm. But even among these, there is a distinction. We have some instruments which increase the efficiency and productivity of agriculture like better implements while there are others which merely replace the labour and animal power *e.g.*, tractors and other power machines. Of course, some hold the opinion that the power machine also has the effect of increasing production but the very controversy among the specialists on agricultural engineering shows the questionability of that opinion. Lewis C. Grary, writing on agricultural machinery in the Encyclopaedia of Social Sciences (Vol. I—p. 552) says: "Efficient tillage machinery accomplishes more effective cultivation resulting in a large product per acre." But S.J. Wright, an expert in agricultural engineering, writes: "one might go further and question whether tractors or engines have yet accomplished anything in any branch of farming which could not, in theory at any rate, have been done simply by using larger teams of horses. Nor is this an entirely a theoretical point, for it is probable that the most genuinely economical ploughing ever accomplished by any means is that done in Australia with teams of eight or more horses pulling multifurrow-ploughs."[1] Many feel, therefore, that the increase in unit-yield associated with mechanisation must in justness be ascribed to the agricultural implements and the accessories to tractors and engines.

Apart from this controversy, one has to necessarily introduce these power machines at some stage or other to replace labour and animal power when they become scarce. Once a country starts progressing on the ladder of industrialisation the non-agricultural sector absorbs more labour, becomes capital-intensive, increases the productivity and wages of labour and makes capital less scarce for agriculture. This leads to a shift of labour from agricultural sector, resulting in an increase in the costs of cultivation because of rise in wages. The developing economy needs more marketable agricultural surplus in order to feed the increasing non-agricultural population. Hence, with

1. "Farming and Mechanised Agriculture" 1944-45. p. 95—Edited by J.F. Easterbrook.

these high costs of labour and lower marginal efficiency of capital, agriculturists may find it worthwhile to substitute capital for labour and mechanise their operations.

Thus, at any given stage of development of the economy the optimum size of the farm from the point of view of cost will be determined by the magnitude of indivisibilities that can be economically used in farming.

IV

Now we shall look at production side. What has the scale of farming got to do with efficient management that can increase the gross production at a constant cost? It is true that an intelligent and hard working farmer who is conversant with the latest scientific techniques in farming will definitely produce better results than an ignorant and lazy farmer on the same plot of land. Hence, we do recognise that the efficiency of management is an essential input in agriculture that is directly related to production.

But, we would be mistaken if we equate agricultural management with industrial management, and then conclude that we would get the same large-scale economies of management to the same degree in agriculture as we can get in the case of large-scale industry. This is because of the fundamental difference in the nature of functions and operations of management between industry and agriculture.

Firstly, the main advantages of large-scale single management of industry are mostly absent in agriculture. There, the main functions of the manager are to determine the supply and price of his product in relation to the fluctuations of the demand at any point of time and to strive for expansion of the demand for his product at the expense of his competitors through all artificial means like the differentiation of the product etc. and to reap the economies of large-scale purchasing of inputs and selling of outputs. Hence, the manager will have very little to do with the process of transformation of all inputs into outputs. It is just a technical and mechanical process. Such is not the case in agriculture. Here the problem of adjusting the supply to demand is not of much importance to a single farmer since his supply, in a short period, is relatively uncontrollable and fairly inelastic from the producer's point of view. Nor is the demand for its products so much capable of manipulation by artificial means as can happen to the primary products of all consumers. Again unlike industry, only few inputs are required from the market and all other important inputs are to be derived from the holding itself. As Jorian Jenks puts it, "the industry operates by applying

power to the conversion of pre-existing materials; agriculture must cultivate its own materials, generate its own 'power' and conserve the sources of both by the return of wastes."[1] Even in outputs, only part of them go to the market. The economies to be achieved from the purchase and selling of these remaining inputs and outputs could be better gained by the multi-purpose or Service Co-operatives than by the large-scale farming units. Hence, the value of the scale of management in agriculture can be found largely within the very process of production, not outside the production.

Secondly, industrial production is such that we have more scope for division of labour and specialisation because of the several processes of production for a particular product. Hence the emergence of horizontal and vertical combinations. We find in agriculture only one process and its many and varied tasks need a multi-purpose production agent, not a single-purpose production agent. Nature gives little scope for division of labour in agriculture.

Lastly, in industry, management is largely a matter of organisation since all industrial processes are technical, mechanised, fully controllable and can be reduced to routines. But, "Agricultural management is largely a matter of organic contacts between man and natural kingdom",[2] since its processes are mostly biological and can be mechanised only to a limited extent. What we need in agriculture is, therefore, not technical management but "loving management"[3] for "a sympathetic interpretation of changing needs of the plants and animals."[4] As we all are aware, intensive cultivation requires so much of personal attention and care to every bit of land and the crops thereon that mere intelligent orders to wage labour can never yield the expected result. One can supervise only few workers on a farm who are scattered over its area and the supervision cannot be effective unless one works along with the workers because of the very nature of the operations. Once the limited period of sowing and harvesting is excluded, all the rest of the time in agriculture, peasant will be concerned with tending the growing crops and plants. One must own the land if one has to contribute one's maximum attention and care to the tending of the land, crops and animals. Thus, unlike industry, entrepreneurship, management and manual labour are inseparable in agriculture. Once they are separated, agricultural

1. "The Homestead Economy" in "The Small Farmer"—Edited by H.J. Massingham.
2. Jorian Jenks, *Ibid.*
3. Jorian Jenks, *Ibid.*
4. George Henderson, "Farmer's Progress", 1949—p. 19.

efficiency is likely to suffer since neither the manager who does not own it nor the owner who does not manage it will show so much personal interest that the land requires. Hence, as the size of the farm increases the difficulties and diseconomies of management will also increase to a great extent. Therefore, what we want in agriculture is more efficient farmers; not few technical managers and more wage labour.

These fundamental differences in the managerial functions only show that the benefits that we get from the large-scale single management in agriculture are not necessarily the same either in quantity or in quality as in the case of industry. On the other hand they clearly show that we need more personal attention and decentralisation in agriculture because of the natural requirements of its predominant factor—land—in comparison with industry where the liquidity of its predominant factor—capital—needs more of centralisation and impersonal attention. This might not be true in certain cases temporarily. The conversion of virgin or forest land into cultivable land is one example. The operations required in these processes of reclamation are not only capital-intensive but also do not require so much of personal attention since there is no need for tending the crops. Again, these operations are unsuitable for separate farms and can be effectively performed co-operatively. The Jewish settlements of Palestine illustrate this. But this is only a temporary phase. Once land is brought into cultivation, what we need for stepping up of production is intensive cultivation wherein the relative importance of personal attention becomes once more clear.

V

Then, is not the management an indivisibility in agriculture? Certainly it is, but with a difference. Since the economies of management in industry will be found mostly outside the production processes *i.e.* in its organisation, large-scale single management is an essential indivisibility that demands the expansion of firm on a large-scale. But in agriculture, as the economies of management are to be found within the processes of production, the magnitude of its indivisibility will be determined by the given technique of production. Therefore, management by itself does not demand the expansion of the farm beyond a point although it is true to say that the change in techniques of farming demand certain changes in the scale of its management. On the other hand, it might work even as a conditioning factor for further expansion in the scale of farming in certain cases. We must remember that we are considering the maximisation of production per acre and not per worker as the basis of our analysis.

In our present non-mechanised technique of production with its concomitant implements and animals the optimum farm will have to be such as can effectively employ the family labour of an average size with the help of the occasionally employed wage-labour. At present agriculture is highly labour-intensive and the scope for large organisation and management is very much limited since almost all the inputs are to be supplied from the land itself and almost all sorts of work is to be performed by the manager and his family. Therefore, the family holding becomes the optimum size at which the producer's surplus per acre can be maximised, although it differs from region to region depending on the crops grown and the nature of implements used. The scope for efficient management is limited therefore to a small size of holding due to the nature of this technique.

In a mechanised agriculture, machine replaces the labour and animal power and helps management to perform its duties with the same efficiency on a much bigger farm. But that does not mean that the machine can be the sole factor in determining the optimum size of the mechanised farm. If that is the case, there will be indefinite expansion in the scale of the farm, since the bigger the machinery the larger are the economies likely to be. But there are certain factors which, from the production point of view, condition the expansion in the scale of its machinery at a certain point. Beyond this point, the machinery must be adjusted to the demands of these other factors, rather than the other way about. As we are all aware, machinery can perform only limited operations of agriculture, that too in a limited time, and most of the intensive operations must be done by the management itself with maximum interest and care. It is said that "the average utilization of tractors on British farms does not exceed 500 hours."[1] Once we give too much importance to machinery at the expense of management, production is likely to go down since management would fail to give sufficient attention and care to the intensive operations. That is also what we are experiencing in practice in those regions where machinery has been given too much importance. Dr. L. Dudley Stamp, Professor of Social Geography in London School of Economics and a world authority on soil use, writing on large-scale agriculture says, "in a brief century, our large-scale agriculture has destroyed the accumulated soil wealth of ages"[2] and proves with all the data of agricultural production of different years of different countries that the intensive small-scale holdings always yielded more production per acre than the large-scale holdings. He believes that 100 acres

1. Enid M. Owen "Co-operative Mechanisation of the Small Farm" in the "Year Book of Agricultural Co-operation—1949"—Edited by the Horace Plunkett Foundation.
2. Dr. L. Dudley Stamp, "Land for Tomorrow"—1956.

would be the optimum for mechanisation. He says, "farm machinery has been designed on the get-rich-quick principle. If my contention is right that the whole world is tending and must tend towards a balanced mixed farming in which field units will be small, then machinery must be redesigned to suit these conditions of good land management and not the other way round whereby farm-lands are altered to accommodate huge machines. This applies particularly to the introduction of machines in underdeveloped countries." Jorian Jenks, an agricultural economist also feels that "the natural and usually the best basis for intensive cultivation is the relatively small holding. Taking into account human limitations and other factors, wealth (both input and output) per acre tends to move in inverse ratio to size of holding. There are several good reasons in coming to this conclusion. Return to the soil, in a suitable form, all vegetable and animal wastes and the 'loving management' are the essentials of farms and only small holdings can provide these things. The smaller a holding is the more compact and complete is its soil economy likely to be."[1] In the context of our special problems of over-population and scarcity of capital the optimum size of our mechanised farm would be relatively small. Of course, even this small optimum would be several times bigger than the family holding. This shows that mechanisation can never replace a farmer in agriculture. On the contrary at some stage, it has to adjust itself to his survival and growth.

Thus, our analysis shows that the scale of management in agriculture, although it is an indivisibility that needs a minimum scale of the farm, will itself be determined by the nature of the other indivisibilities that a given technique provides. Therefore, it is not the large-scale management that demands large-scale farming. On the contrary, it is the large-scale farming, necessitated by the introduction of large-scale indivisibilities that demands large-scale management. The relation between the scale of farming and production must therefore be ultimately found in the nature of the indivisibilities in agricultural operations.

VI

But does farming carried on co-operatively with the help of the co-operatively-owned indivisibilities imply *ipso facto* pooling of land and single management? Are these co-operatives to be organised on the same principles followed in the case of the joint stock companies?

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1. "The Homestead Economy" in "The Small Farmer"—Edited by H.J. Massingham.

There are two important factors that we should take into consideration before forming an opinion on this problem.

Firstly, in a co-operative farm, members contribute as their share not only their land but also their services. To them, land is not only an income-yielding unit but also a unit of their occupation with all of its freedoms and securities. Thus, in our context, a share means both a small holding of land and an independent farmer and his family. And our organisation must be such that it absorbs not only the separate holdings of lands but also gives the same natural incentives and freedoms to absorb these independent farmers too since farmers and land holdings are inseparable entities. Yet this is the important non-economic aspect that our economists neatly ignore because of their unrealistic assumption that everybody can be transformed into a wage-labourer and everything can be done as well by wage-earners as by the owner-cultivators. This is unrealistic because farmers can never be transformed into mere agricultural labourers without losing many imponderable advantages and wage-earners can never be made to take such interest as the farmers do in agriculture. Hence, our problem is not to decide whether single management can perform all the functions of a large-scale farm with the help of the wage-labour but to decide whether transformation of farmers into wage-earners is a pre-requisite to the introduction of these indivisibilities in agriculture.

Secondly, unlike industry, the nature of the agricultural operations is such that only a few of their functions will be performed by these indivisibilities and that too only for a few days in a year. Thus, there is a clear scope for the existence of two different functions—one farmer-intensive and the other machinery-intensive. Maximum efficiency implies the development of both; not of one alone at the expense of the other.

These are the two important factors that must be fully reconciled in evolving the optimum structure of the new co-operative farm. Once the land is brought to intensive cultivation, we saw that the optimum size of our mechanised farm would be relatively small compared to that of an American farm or of Kholkoz. We may find two alternative economic structures to the farm of this size depending on the circumstances and needs.

Firstly, where the co-operative consists of many small-scale farmers and where indivisibilities that are out of the reach of an individual farmer could perform only few functions in agriculture, we can distinguish these functions, and limit the functions of our co-operative only to the purchase and use of these indivisibilities. Individual farm could remain an independent unit, the farmer retaining his proprietorship of land and at the same time allowing the co-operative to play this limited role.

Our problem is not to find whether single management can perform all the operations of a large-scale farm but only to find *whether different small farmers can carry on a few operations co-operatively.* Why should most of the farming operations that could be most efficiently attended to by the farmers individually be linked with those few operations that must be done jointly? These few operations do not technically require pooling of land and single management for all purposes. Instead the farmers can join together to perform these few functions co-operatively. They have only to accept for these few operations the statutes, by-laws and conventions of administration that are to be evolved in course of practice in the co-operative. While they can very well go on co-operating with each other in following the customary conventions in the case of using the irrigation facilities, there is no reason why there should be any complications in the case of using these indivisibilities. This is just like various doctors of a region coming together and purchasing a costly scientific apparatus whose services each doctor requires only occasionally. For the sake of using these apparatus, doctors need not forgo their private practice and work under some managing director who may or may not be a medical man. The same is the case with agriculture. This is because of two reasons:

Firstly, for certain crops and areas, mechanisation cannot be used beyond few operations, for instance, garden land, intensive cultivation of rice crops in irrigated areas etc. which need constant care and interest. In these areas, this type of economic organisation can be retained permanently because the improvement in techniques only makes the farmer's labour more efficient but cannot replace the farmer's labour and enterprise. Hence, the family farming unit is essential for such crops.

Secondly, since the introduction of mechanical equipment means replacement of labour and animal power, it can be introduced only to the extent that we can divert the labour and animal power into other spheres of economy. Since the latter is a gradual process, we can mechanise agriculture only step by step. Thus the functions that are to be carried on by these machineries will increase one by one slowly and not over-night. Hence, in all ryotwari areas irrespective of the nature of crops etc., we can proceed with this type of co-operative structure.

This is most practicable and it is experimented successfully in many countries. The societies formed solely for using farm machinery amongst members are found in Canada, Switzerland, France, the Netherlands, Greece, Cyprus, Australia as well as in England and Wales. "The small holders' settlements" in Palestine, "joint farming societies" of Sweden, Bulgaria, Hungary

Yugoslavia and Czechoslovakia, "co-operative societies for joint purchase and use of agricultural equipment" in Finland, "mixed co-operatives for joint cultivation" in Italy, "temporary and permanent mutual associations" in People's China are few types which are based on the same principle we visualise and which showed certainly better results both in per acre production and net production comparatively to other types.

The second alternative is this : In those areas of agriculture where the co-operative consists of only a few farmers and where most of the farming operations are to be done by the indivisible machines in which case pooling of land may become a technical necessity, these few farmers might pool their lands and extend the co-operation to all spheres of farming. This will satisfy the above criteria because such high mechanisation necessarily implies the diversion of all labour from agriculture except a minimum. At that stage, the number of family units will come to be few, family holdings become bigger and the remaining members of the farms become technicians. Since the size of the co-operative farm is relatively small with only a handful of members and since the economies of such organisation become so large, that members would find it worthwhile to do all functions co-operatively, instead of limiting it to most functions. This is to be the second stage for some of the co-operatives, started only for indivisibilities. This type will be useful generally to those crops where we do not need much intensive cultivation, and at a stage where productivity per unit of labour becomes a more important consideration than productivity per acre of land.

Thus, we conclude both from theoretical and practical considerations, that, although large-scale economies and scientific management increase both gross production and producer's surplus, scientific management does not need large-scale farm and the reaping of large-scale economies does not necessarily need pooling of land and single management.

CHAPTER VI

MECHANISATION AND CO-OPERATIVE FARMING

So far our analysis proved that the optimum scale of farming will be determined largely by the size of the indivisibilities in agriculture. And these indivisibilities will be at their maximum size in a highly mechanised farm. Therefore, it is the mechanisation of agriculture that demands large scale farming.

I

But did our planners recommend co-operative farming with the intention of mechanising agriculture? If so, are there any pressures—inevitable and necessary—in our economy which demand mechanisation, and can we realise and face the implications of this process at the present stage?

Mechanisation means replacement of labour and animal power as far as possible by mechanical power. To bring about this transformation, our national economy must be prepared to invest the necessary capital as efficiently on this machinery as in other spheres, and to re-absorb the consequent unemployed labour and animal power more productively in other sectors of economy. In the under-developed countries like India, with a democratic political life, bent upon avoiding dictatorial methods, our labour can shift to other sectors only when their productivity and wages are greater, and capital can flow to this part of agriculture only when its marginal efficiency is greater than or at least equal to other sectors. If these pre-requisites are absent in our economy, the process of mechanisation cannot take place as it is uneconomic and even if it were to be ushered in, it would be absorbing the factors of production less productively and hence a loss to the national wealth.

II

The practical implications of this mechanisation would be better realised if one keeps the present state of Indian agriculture in mind. As we are all aware, there is already over-pressure of population on land relative to what it can reasonably maintain. This magnitude becomes more patent when we

compare our position with that of the industrially advanced countries:

Country	Percentage of people in agriculture to the total population	Net farm area per head of people in agriculture
Great Britain	5·7 *	25·13 acr. ††
U.S.A.	19·9 *	35 acr. ††
India	69·8 **	1·18 acr. †

It is the over-pressure on land that has resulted in under-employment or disguised unemployment in our agricultural sphere. If we assume that the overall average of 10 acres is the minimum holding which can fully employ and maintain a family consisting of five members at a reasonable standard of living, it is estimated that on the basis of 1941 population the land falls short by 36·8%, while 35% of the population dependent on agriculture or 23% of the total population in India becomes surplus and needs to be absorbed in other walks of life.‡

Again, our agriculture has not only a surplus of population but also has a surplus of cattle which have to be also fed with the products of agriculture. If we compare our present position of cattle wealth with those of countries which equally depend upon cattle power for their agricultural operations, it will be seen that in India the density of cattle per 100 acres of area sown is 67 while it is 25 in Egypt, 15 in China and only 6 in Japan[1]. Out of total live-stock of 365·8 millions, we have only 67·3 millions of work cattle and buffaloes in 1951.[2] These figures suggest the magnitude of surplus cattle and their power that can be taken away from agricultural sector without any adverse effect on agricultural efficiency.

It is these surpluses of labour and cattle on land that

*T. W. Scheultz "Agriculture in an unstable economy" p. 87. This figure belongs to the year 1939.

††Jyotiprasad Bhattacharjee "Mechanisation of agriculture in India —Its economics" 1948, p. 8.

**Ministry of Food and Agriculture, Government of India, "Indian Agriculture in brief" 1955—p. 8.

†Ministry of Food and Agriculture, Govt. of India, "Agriculture Statistics of Reorganised States" 1956—p. 1.

‡G. D. Agrawal "Agrarian Reform and Rural Reconstruction"—p. 9.

1. V.V. Sayana—"Readings in Rural Economics"—1950—p. 77.

2. Food and Agriculture Ministry, Govt. of India, "Indian Agriculture in brief"—p. 39.

C

are directly responsible to the low per capita productivity of our agriculture. The very fact that these surplus labour and cattle can be taken away from the land without any adverse effect on its production shows clearly that they are the unproductive dependents on the producer's surplus of agriculture which would have been otherwise saved and invested. This pressure on land naturally resulted in too much fragmentation of holdings—to an average holding of 5 acres compared with 174 in America and 83 in U.K.—which led to low per capita incomes and savings and hence low investment in agriculture. This very dearth of investment in agriculture, *i.e.*, the application of disproportionate factors of production in agricultural production, in turn led to the continuation of primitive techniques, insufficient use of manures and consequent insufficient utilization of land. Thus the under-employment of labour ultimately caused the under-employment of land itself. And the under-employment of both the factors—land and labour—must ultimately be traced to the lack of saving and investment in agriculture. Hence the need for diverting this surplus labour and relieving agriculture of the responsibility of maintaining so much surplus labour. This is a pre-requisite to raising the saving potential in agriculture. The first object of saving is to invest in only those operations of agriculture which directly increase the productivity of land and not in other operations that merely replace the labour and cattle power. Thus, there are two processes that must take place before we think of mechanisation.

Firstly, surplus labour and cattle are to be absorbed in other sectors which implies the diversification of national economy and development of non-agricultural sectors. It is true that greater application of capital in agriculture with a given population reduces the under-employment by better utilization of land. But that requisite investment will not be forthcoming in agriculture as long as this redundent labour is absorbing the meagre available resources of agriculture. Therefore, additional investment capital needed by agriculture is to be found from non-agricultural sector. The capital, thus found, will be better utilised if it is invested in those operations of agriculture which directly increase production and reduce under-employment, or in those spheres of non-agricultural sector which can absorb the surplus labour of agriculture.

Secondly, investment opportunities which directly increase gross production per acre by fully utilising the land must be exhausted and a stage must come in that process where the substitution of capital for labour would become an economic proposition.

We can think of mechanising our present agriculture only after these two processes take place. Thus, the problem of mechanisation involves the problem of the size of farms, the problem of unemployment and the problem of investment. If we can solve the problem of over-supply of labour and under-supply of capital, we can solve the problem of size of farms by having recourse to Farm Service Co-operatives.

In order to visualise the magnitude of social cost of mechanisation, let us first suppose that we get the latest agricultural machinery for nothing and mechanise our farms completely. Then what is its impact on labour? Mr. Tarlok Singh[1], Joint Secretary to the Planning Commission, has estimated on the basis of 1941 census figures that as a result of rationalisation of agriculture on the basis of the existing efficiency of work units and joint village management, about 15·5 million agricultural workers representing about 28% of the total rural population would be forced out of their present employment. In U.S.A., the amount of "human labour used to produce 100 bushels of wheat dropped from 320 hours in the year 1830 to 108 hours in 1900; by 1950 a new series of improvements has reduced this labour requirement to 47 hours".[2] In the course of 110 years mechanisation has brought about an economy in the use of labour per unit of output to the extent of 85·6%.[3] In the case of Russia, the number of families in the village decreased from 5000 to 674 after collectivisation. "Although on an average, 5 to 6 labourers are displaced by a worker in mechanical cultivation in the western countries, yet assuming that one worker will be required instead of 4 in India with mechanised farming, 77·5% of the total workers will have to be provided for in other occupations."[4]

Supposing that we can re-employ the unemployed labour in other sectors, what would be the magnitude of investment we need for mechanisation of our agriculture? It is obvious that mechanisation demands a very large amount of capital investment, an amount much larger than the present volume of investments of working capital in farms in India. "To bring Indian farms to the American standard, investments per farm on account of working capital would have, on a conservative estimate, to be increased at least five-fold from their present level."

Hence even assuming that we have the other pre-requisites like the existance of educational and technical cadres and the

1. Tarlok Singh, "Poverty and Social Change."
2. "Farm Science and Citizens" by Sherman E. Johnson in "Science in farming: year book of Agriculture, 1943-47" (U.S. Department of Agriculture)—p. 922.
3. Klimenko, F.—"Kolkhoz."
4. G.D. Agrawal—*Ibid*.

widespread supply of electricity to the rural areas etc., we must be able to solve these problems of unemployment and investment of this magnitude while we mechanise our agriculture.

III

Before proceeding to examine some solutions to this Himalayan problem, let us look at the experience of other countries with different economic systems in bringing about this transition.

In capitalist countries where the laws of inheritence and *Laissez-Faire* formed the very basis of their development, unequal distribution of land accelerated the process, the small peasants ultimately giving way to capitalist farmers. The big farmer had the larger saving potential than the small peasant, because the margin of surplus income over the expenses of his family was greater. This saving potential had been reinvested in purchasing more land as long as there were small peasantry, since the investment in extensive farming became more profitable with the evolution of mechanised techniques in agriculture. Thus, as soon as they found it worth-while to mechanise their cultivation, the existence of proper size of a farm and the necessary investment in the form of savings were ready in their hands.

Their economic histories show us that it is the shortage of labour due either to the lack of pressure of population on land or to the unattractiveness of agricultural wages in comparison with industrial wages that had induced to a great extent the rapid advance of agricultural mechanisation of western countries, especially during the inter-war period. It is obviously because of these conditions that mechanisation was not attended with any socio-economic evils. On the contrary, there are some other factors, besides these conducive factors, that promoted the application of mechanical power. Firstly, the development of the immediately fructifying consumer goods industries in the process of their industrialisation increased the demand for labour and agriculture was obliged either to pay high wages or to replace labour. Secondly, even during the very process of mechanisation, they experienced no serious unemployment because of the growth of world markets for their industrial products in their dependent colonies. The export of capital to their colonies naturally created large demand for labour in the internal economy which had to meet the demands of their external market. Hence, these countries had to experience sometimes scarcity of labour compared to that of other factors because of their abundant natural resources. So, the transition in those countries was not costly or painful in

social terms although it was brought about involuntarily out of external forces.

In the communist countries, especially Soviet Russia, since the whole economy including land had been collectivised and physically planned, the problem of the size of the farm did not arise for mechanisation. And the problem they had to face in the early years of their development is not unemployment in agriculture but only the snatching away of labour from agriculture for the development of their capital-goods industry and for the reclamation of land. They solved their investment problem of mechanisation by ploughing back all the producer's surplus from agriculture through various physical and monetary devices like compulsory procurement and price squeezes by keeping the agriculturist at a subsistance level of living. This ploughing back of the producer's surplus continued until the capital-goods industries fructified and created the employment potential in the rest of the economy to which the unemployed agricultural labour resulting from mechanisation were diverted. We find clearly in the history of the Soviet economic development that mechanisation of agriculture proceeded at a time when industry was rapidly growing and rural population dwindled suddenly due to famines and political upsets. They mechanised their agriculture in a planned manner and it was possible because of their special institutional set-up based on the dictatorial organisation and centralisation of power.

Our situation is quite different and hence their experiences and solutions will be of little importance to us. We have neither the conditions under which they could mechanise their agriculture nor the institutional set-up which helped them to mechanise. They never faced the problem of over-pressure of population on land to such an extent as we face it now. On the other hand, their problem was one of stealing labour from agriculture to satisfy the growing needs of industry. They thought of mechanisation only at a certain stage of industrial development which demanded the replacement of agricultural labour by machinery. They never thought of mechanisation for stepping up of agricultural production. The mere existence of surplus labour potential in our agriculture itself shows that our country is not sufficiently industrialised as to make mechanisation of agriculture necessary and useful. Again, we have in our context neither the external favourable circumstances like dependent colonies and world markets that the capitalist countries had nor the external inimical circumstances under which Russia had to progress somehow through its own rigid closed economy.

Again, our institutional structure is such that we cannot afford to proceed along the lines of *Laissez-Faire* for economic

development, apart from considerations of social justice. On the other hand we have taken to planned economy and the State has been given a definite and growing role to play in a planned development, and endowed with all the necessary powers over the economy. Nevertheless, we are not going to collectivise agricultural economy merely for the sake of economic development through the methods of rigid physical planning. Ours is a mixed economy working within a democratic set-up. Hence, our development must take place within the circumference of democratic institutions. Hence the means we adopt in mechanising our agriculture must be entirely different from those of the capitalist and communist countries.

IV

To suit our own circumstances and aims, our planners evolved a different strategy of planning for development. It is in the context of these broad policies that we have to assess the justifiability and practicability of mechanisation of agriculture.

In the industrial sphere, the Planning Commission proposed to give priority to the capital intensive basic industries which accelerate the tempo of development but did not provide immediate employment on a large-scale as the capital intensive consumer goods industries generally do. These basic industries fructify and create employment in the rest of the economy only after a long period of time. And, to solve our problem of present growing unemployment, the Commission laid equal emphasis on the labour intensive decentralised small-scale industries and proposed to put a temporary ceiling on the development of capital intensive consumer goods industries. The deliberate absorption of the flowing capital into these two sectors of industry—for the sake of future in one and social justice in another—would definitely retard the growth of the immediately fructifying mechanised industries. That is, this industrial policy would naturally enhance the time lag for creating large employment opportunities in these mechanised industries like textiles etc. The development of the labour-intensive small-scale industries are intended mainly to provide employment to the unemployed and the non-agricultural rural and urban population are the first section to be employed in these industries. Out of the total number of 15·3 million unemployed our Second Plan is expected to absorb only 8 million people. Out of these 8 millions, only 2 to 2·4 million people are to be drawn from the rural sector which has at present 9 million unemployed to be maintained, not to speak of the more numerous sections of under-employed. Even among them it absorbs mostly the non-agricultural rural population like weavers and artisans. By the time these small scale industries absorb all the

unemployed, the basic industries might fructify and might put a stop to further extension of these small-scale industries. Then the mechanised consumer goods industries would have to absorb again the unemployed from these decentralised industries. Thus, our industrial policy is such that it is not expected in the near future to absorb this surplus agricultural population into industry. At best it can only reduce the present under-employment. Nor can the non-agricultural sector be expected to supply any capital to agriculture since the non-agricultural sectors are as deficient in capital investment as agriculture. On the contrary, it is the agricultural sector that has to supply capital to industry in the initial stages of industrialisation. So the non-agricultural sector is not likely to help agriculture in the near future either by absorbing its surplus labour or by supplying to it any investment capital.

In agricultural sector, our policy is such that the planned resources would be mostly invested on its infra-structure *i.e.* on projects, minor irrigation works, anti-erosion works etc., and in extending its sphere by bringing into cultivation the cultivable waste lands. Of course, the investments can create substantial employment potential in the economy but cannot create immediate employment opportunities for a long time to come to the extent of absorbing the present surplus labour of agriculture. If the Second Five Year Plan is the criterion to indicate the rate of this absorption, it is expected only to absorb the increased rate of agricultural population. The plan-frame confesses that "such a transfer of population from land, however, is a long term task: for the Second Five Year Plan, it would be sufficient to aim at stabilising, more or less, the present level of employment on land" (p. 68). This is inevitable because any investment in agriculture must be such as to simultaneously absorb the surplus labour and create saving potential. As long as this heavy burden of disguised unemployment remains, Governmental investment in replacing labour would certainly be unproductive, since it could yield better returns in fields other than mechanisation. Therefore, for a long time to come neither the non-agricultural sector nor the resources of the Government allow the process of mechanisation to take place in agriculture.

V

So, agriculturists and agricultural sector will have to explore possibilities of savings enough to mechanise agriculture, if at all such mechanisation has to take place. They must find the necessary investment through their savings and must be able to absorb the unemployed into agriculture itself. Our planners believe implicitly that this will be done if only agriculture is based on co-operative farming system.

Individual or family farming, it is assumed, will never allow the process to take place and hence co-operative farming is the first step to be taken in the process of mechanising the agriculture. The saving potential of agriculture, whether it is based on family farming or co-operative farming depends on its producer's surplus. And this producer's surplus of Indian agriculture is meagre, compared to highly industrialised countries, due to the over-dependence of population on agriculture alone. The very fact that so many workers can be taken away from land without any adverse effect on its production shows clearly that the Indian peasant is sacrificing most of his producer's surplus in maintaining these unproductive dependents, a responsibility which ought to be shouldered by the State.[1]

It is the absence of saving potential that is responsible for lack of investment in our agriculture. The total credit requirements of agriculturists are estimated at Rs. 750 crores by Rural Credit Survey Report, and our estimate is Rs. 2000 crores.

All available savings are likely to flow into urban sector as the marginal efficiency of each unit of capital is much more in the

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1. The difference in the producer's surplus on each unit of land in India and higher mechanised countries and the labour share of this producer's surplus can be shown graphically thus :

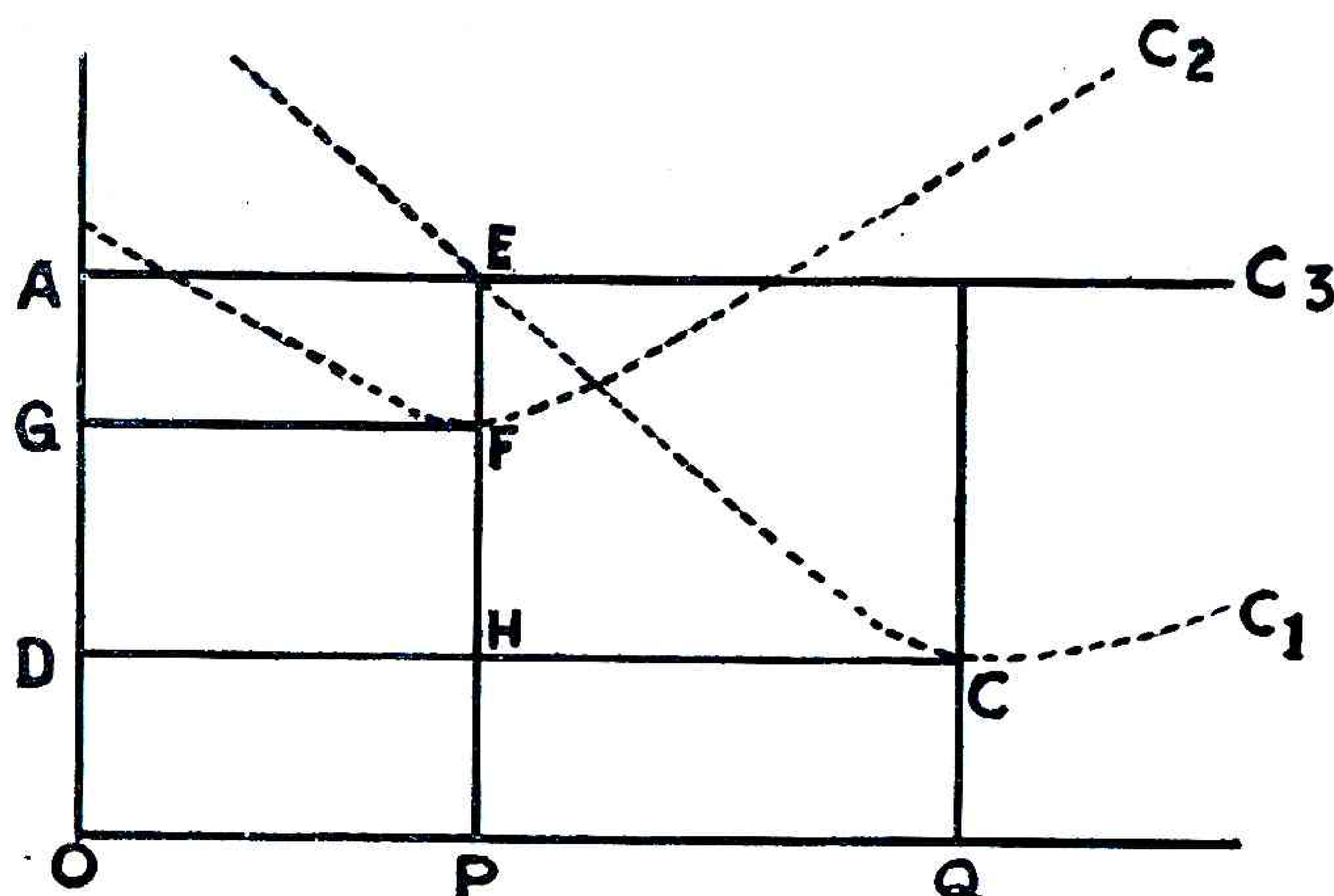


Figure No. 2

C_1—Average cost curve on the mechanised farm of highly industrialised country at a constant production (gross) per acre.

C_2—AC curve of the non-mechanised economic holding at the constant gross production per acre in India.

C_3—Constant gross production per acre curve.

ABCD—Producer's surplus in a mechanised farm.

AEFG—Producer's surplus in a non-mechanised unit.

GFHD—Share of the labour in the producer's surplus in our country.

industrial sector than in agriculture. Actually we find recently a great flow of rural savings into towns for various purposes. Again, even in agricultural sector, each unit of capital will be more productively utilised in operations that have direct effect in increasing the production rather than in the operations which merely replace labour and create unemployment. To invest in purchasing power-driven machines for agricultural operations, even before providing sufficient manure and water to the land, is certainly an unintelligible proposition. Even if we find sufficient capital in some places to undertake both of them mechanisation, in the given circumstances, may not prove to be an economic proposition. The average costs might come to be more or less the same in both mechanised and non-mechanised farms due to the availability of cheap labour and the high prices of imported agricultural machinery. So our agriculturists will gain nothing by mechanising their farms.

But if we bring about mechanisation involuntarily out of enthusiasm, we get no additional production, both gross and net, as the average costs of agricultural production cannot be lowered in our context and so the net result would be more unemployment. That is, what we have been paying to labour previously will be paid to manufacturers of machines and releasing more labour from employment.[1]

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1. This can be graphically shown thus :

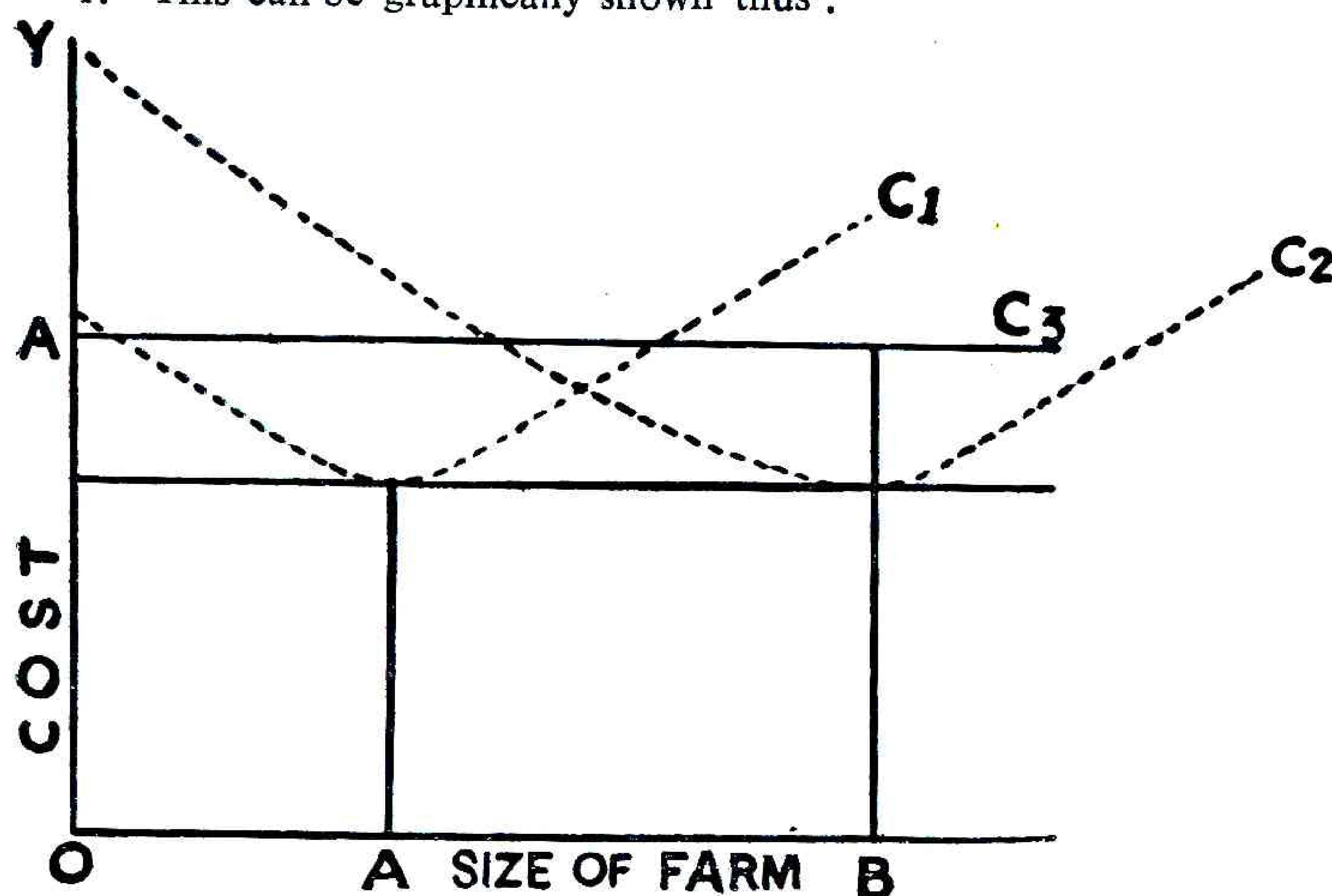


Figure No. 3

C_1—Average cost curve of a non-mechanised farm at a constant production. C_2—Average cost curve of a mechanised farm at a constant production. AC_3—Constant gross production per acre curve.

Again, even if mechanisation in some areas proves to be somewhat successful in reducing the present average costs, it should be permitted by the State only when the unemployed workers can be provided alternative jobs. The provision of employment to the unemployed is more important than the reduction of costs in agriculture from the social point of view. When Government is ready to extend such social justice to the handloom weavers by prohibiting the introduction of new automatic looms in textile mills, it cannot refuse to extend the same to the landless labour also.

The above analysis clearly proves the undesirability of mechanising our agriculture at the present stage. Hence, we are not justified in wasting our resources by giving incentives to encourage a process which is wasteful of national resources in the present circumstances. We may begin encouraging this process only when the pressure of unemployment subsides, labour costs go up and capital becomes less scarce. Even communist China could not ignore such considerations and hence their decision not to mechanise their agriculture for the present.

VI

The analysis so far made, however, does not preclude the scope for using mechanical power in some areas. There are some regions where agriculture is capital-intensive in the initial stages and where mechanisation therefore becomes a technical necessity.

The land classified as cultivable waste throughout India amounts to 170 million acres. A substantial portion of this area can be made fit for cultivation by suitable operations. Much of this waste land is to be reclaimed by the use of bull-dozers etc., while the tractor operated equipment will make it possible to uproot the smaller shrubs, level the ground and fill the gullies at reasonable costs and in the shortest possible time. There is also much land that is to be protected from soil erosion. The factors that generally influence erosion are intensity of rainfall, slope of the land and the nature of the soil. Contour bunding has proved to be the most effective method for conservation of soil and water. The slopes are graded with horizontal terraces which will vary in size according to the steepness of the slopes. Bunding and terracing on large-scale can be carried out more economically by self-propelled graders and terracers than by manual labour.

All these operations are impracticable for human and cattle labour and are beyond the scope of the individual cultivators as they involve huge capital resources. These are to be necessarily performed by power machines which will do the job not only at a lower cost but also within a short time.

Secondly, there are large number of sub-marginal lands which become extra-marginal with the completion of irrigation projects and other infra-structure of agriculture. In the absence of proper irrigation facilities, these lands yield almost no returns. Large holdings remain only to be mere titles of a few individuals. Families dependent entirely on these lands live much below the subsistance level. Such lands can be converted into rich fertile lands if only the net work of irrigation projects and other infra-structure are provided. This is certainly a capital-intensive enterprise which individual holders do not and cannot undertake. There are 19 million acres of land which are expected to be brought into cultivation with the completion of the present multi-purpose river valley schemes.

Most of the land belonging to the above categories is owned by Government. Only a few families were settled on these lands as they can provide subsistance income with much difficulty. We will find no unemployment problem when these farms are mechanised and when irrigation projects are constructed. On the contrary they will create new employment opportunities to a large number of agricultural families and workers.

The only problem in mechanising these farms is of investment. Who will invest such a large sum when their benefits are going to accrue to all people? Besides, they are beyond the scope of individual cultivators. The State is the only agency that can undertake this task and it may not be in a position to invest on such a large-scale if it is only to divert the savings of other spheres. It can undertake any amount of such work if it is sure that it can plough back the savings equal to the capital invested from the very lands which become quite productive as soon as the reclamation and irrigation operations are complete. Thanks to the brilliant exposition of Mr. J. M. Keynes, it has become an accepted fact that savings need not necessarily precede investment. Investment can precede savings if there is a mechanism of ploughing back the savings available from the increased production resulting from the initial investment. Of course, this necessarily implies to some extent physical planning and less freedom of choice to the individual in matters of consumption and savings. This is the principle being followed in the collectivist economies in all spheres of their economic activities. That very principle can be put into practice to a limited extent by us to tide over a temporary transition in the cases described above.

The structure and nature of organisation of agriculture in these new settlements must, therefore, be decided to meet the demands made by development of such Governmental lands. It must be

such that the State will be in a position to control the production, consumption and savings of the area and at the same time to maintain the natural incentives necessary for agriculturists. The State could do this by organising Co-operative Farming Societies. Landless labour families and small peasant families should be encouraged to settle down in these new and sub-marginal lands. All lands should be equally divided among the families and the title of ownership should be conferred on them before the co-operative farming society actually begins its work. This will create a homogenous atmosphere among the members. Goverment may participate in the share capital of the society in the initial stages and exercise close control over the working of the society. The families working on the land should be provided subsistance income until the land is fully developed and the capital invested and advance of working capital is repaid. Until that stage is reached, Government is justified in keeping strict control over the freedom of the members. By this method the societies can attain all the large-scale external economies and some of the large-scale internal economies (e. g. power machines) in agriculture. The members also are not likely to feel the brunt of restraint placed by Government and co-operatives since they had been previously landless, hired labour and are habituated to the subsistence level of living and working under others. On the other hand, the feeling that they will become in near future the full owners of their own plots of land will create in them some strong incentives to put their best efforts, produce more and improve the land etc. This arrangement will satisfy both the requirements of agrciulure—the advantages of co-operative farming and the natural incentives of peasant proprietorship. Once the area attains self-sufficiency and obtain minimum land improvements, the State may with draw gradually from its participation and members may be allowed full freedom in internal activities of co-operative management. Families may be allowed to do farming on their own fields while maintaining co-operatives for providing services of agricultural machinery and implements and for supplies and marketing and planning and for operations that can be best done in a collective manner. Thus, co-operative farming should be undertaken here as a temporary means to achieve certain results and certainly not as the best organisation for agriculture as a whole.

As many such situations arise solutions tried in many countries of the world and their experience should be utilised. The Farm Security Administration of U. S. A. established 22 co-operative farming corporations in the non-peasant regions to rehabilitate the low income farmers of all regions who had been badly affected by the great depression of 1929-32. Under more or less similar circumstances, a few experiments

were carried on in England (Welsh Land Settlement Society Ltd. of 1936), Argentina, Chile and Columbia. Collective "Ejidos" were organised in Mexico during 1940, with the sole object of rehabilitating the peasants of the then existing feudal structure who were "near serfdom". This was done on the lands expropriated from the feudal lords under the land reforms of "Agrarian Code." Again joint farming co-operatives have been formed in Italy on the basis of Labour Contracting Co-operatives (Braccianti) set up with a view to reduce unemployment. This process has taken place because the labour co-operatives undertook mostly the clearing of waste lands and because the "Braccianti" wishing to stabilise their employment went on to cultivate the land they had cleared. And in all these cases ownership and management of land was vested in the beginning either in the Government or the statutory body but with the intention of allowing peasant proprietorship later on. As soon as such pressures were over, almost all these co-operatives were dissolved and the land had been distributed among the members for personal cultivation.

The failures we often see in the case of co-operative farming societies organised in such new settlements in India are mostly due to lack of this perspective. In most cases either Government did not take the responsibility to provide sufficient help or, if that was done, the ownership of land was not conferred on members which alone can create the natural incentives in agriculture.

Thus, we see that mechanisation of Indian agriculture is not a practical proposition for a long time to come due to the special features of Indian economy. In those few cases where mechanisation is a technical necessity, co-operative farming may be introduced and lands might be pooled but only to meet the transitional necessity. Once that necessity is over, land must be divided again for personal cultivation but retaining the co-operatives for non-farming operations and for the supply of agricultural machinery and for other operations of agriculture that can be best carried on collectively.

CHAPTER VII

LABOUR-INTENSIVE AGRICULTURE AND CO-OPERATIVE FARMING

We have seen that the agriculture cannot be mechanised except in few circumstances in India due to the special problems that our present economy is facing. Did our planners, then, intend to organise co-operative farming in our non-mechanised farms? Yes. It is clearly so. The Planning Commission itself has stated that "in agriculture, except under certain conditions, in the present stage of development, the possible advantages of mechanisation may be more than offset by the social costs of unemployment that such mechanisation would involve."[1] Again, they recommended to organise one co-operative farming society in each N.E.S. Block during the Second Plan period. Since the whole country is expected to be covered by these N.E.S. Blocks by the end of these five years, we understand that our planners deliberately recommended co-operative farming, not with the intention of mechanising our agriculture, but to achieve some positive benefits in the non-mechanised agriculture itself.

Their point is that even with intensive cultivation large-scale farming is an economy in itself. They argue that it reduces costs; that it makes the most of the workers by enabling them to specialise in different skills, and provides for intelligent large-scale management which is a special skill in itself. In these things, they say, the small family farm is wasteful. In deciding what to do with a piece of land, the small farmer necessarily considers the cost to himself in outlay against the benefit to himself in returns, but this is not necessarily the same thing as the cost and the benefit to society. The all-important need is to make the best and most intensive use of the land as a whole; and when we try to plan for this we find the small family farm standing in the way. Agriculture should therefore be organised in large co-operative units.

In this chapter we propose to consider these economies of scale and see how for they are valid in actual practice.

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1. Second Five Year Plan—p. 113

I

In the first place, let us assume that multi-purpose co-operative societies have been efficiently organised in the rural areas. These will provide for all the economies of non-farming operations of agriculture—cheap and adequate supplies of credit, marketing facilities, supply of seeds and so forth. And let us assume that farmers are reasonably efficient in the existing technique of farming.

Then, to get the maximum production per acre, what will be the best size for a farm? What we want is the greatest possible surplus of production over costs. We may get this either by reducing the costs without reducing gross production, or by increasing gross production without increasing costs.

The way to reduce costs, within the existing technique, is to make the most economical use of labour and capital resources. In this, there are certain indivisible units such as the agricultural implements, a labour day, a pair of bullocks etc. If one has enough land to make the fullest possible use of these things his costs are at a minimum. The biggest of such items is a pair of bullocks, and ten to fifteen acres of land is enough to keep them fully employed. So long as the same methods of production are used, the cost of production on a co-operative farm will not be lower than it is on a unit of this size provided, of course, that the management of the latter is efficient.

It appears, then, that the virtue of the large-scale co-operative is in the good management by which it can get the maximum gross production at the minimum cost. What kind of management will be most efficient, and on what sized farm will it operate most effectively?

II

The problems of management in agriculture are very different from those of industry. The reason, obviously, is that agriculture is a biological process governed by laws of its own and subject to the seasons. The manager's first case is to keep the soil at its utmost fertility. He must treat it with organic and inorganic manures at the proper time and in the proper proportions. There are a great many jobs, like ploughing, sowing, weeding and harvesting, which have to be done within limited seasons; he must see that they are adequately carried out at the right times. He must give the utmost care and attention to the growing crops, and he must choose the most suitable and productive crop-rotation programme. Besides all this, he has to look after the cattle, including draught animals, which

need to be watched and cared for day and night. He must keep in touch with every part of the work on the farm; see that the fields are watered and de-watered at the right times; guard against pest invasions, and animals trespassing on the crops. Thus, constant and close supervision and planning are required from him.

The size of the farm which he can look after with maximum efficiency depends on the kind of farming techniques in use. If most of the work is done by machinery, a competent manager can look after a large-scale farm efficiently ; but we are not now thinking of mechanised farming for India. In our present non-mechanised system all these varied activities have to be carried on by the manager with the help of his family, his animals, and some occasional hired labour and nearly all the heavy work is performed by animal power.

There are some very solid advantages in this system. Livestock and agriculture are inseparable and mutually dependent. Animal waste is the best input for agriculture; the waste products of agriculture are some of the most useful inputs of livestock. By the direct method of grazing the animals on the field in the off-season, the farmer feeds the one and manures the other at the same time. Again, dairy farming is the best way of adding both to his own income and to his food supply. On the one hand he can get the best out of his soil by giving it constant care and attention and using his animals to enrich it : on the other hand, he gets the utmost profit from his animals by giving them just as much care and affection, and using the products of his crop-farming to keep down the expense of feeding them. Thus, both agriculture and livestock need the same kind of management, inter-connected and inter-dependent, and increase one another's productiveness. When we consider the right size for a farm, it is no good looking at each of them separately; we must treat them as two inseparable sides of a single activity.

III

This non-mechanised farming depends all the time on intensity of labour. Nothing is done automatically : the more personal interest, the more energy and skilled care each man puts into the farm, the more it produces, and this interest and care are the most important part of the whole process. Thus, to get the best out of each unit of land, it should be just the size to which a single manager can give his fullest and best attention.

This depends on two important considerations:

(1) the scope for division of labour and specialisation, and,

(2) the number of agricultural workers he can manage as a perfect team, with all the guidance and supervision that their various operations need.

It would not be true to say that in this kind of agriculture there is no scope at all for division of labour and specialisation, but it is true that there is not nearly as much as the advocates of large-scale co-operative farming imagine.

The limitation to the economies of division of labour will be set much earlier in agriculture than in industry and even more so in non-mechanised agriculture than in mechanised agriculture, because most of the agricultural work is seasonal and the scope for permanent division of work for specialisation is very limited. This is specially so, where garden, vegetable cultivation is also developed. On the other hand, labour in agriculture should be capable of doing all kinds of agricultural work for various reasons. Firstly, different seasons offer different kinds of work and the seasons themselves are unstable and short-lived. In rice cultivation, for instance, almost all seasonal works of transplantation, weeding, harvesting and threshing would not last more than a month and this frequent change of agricultural operations naturally exclude the possibility of division of labour for any profitable length of time. Again, even in a particular seasonal operation only one process of work is to be concentrated upon and finished within that particular time-limit and so it does not allow multifarious processes or types of works for different groups of labour. So is the case with wheat, tobacco, or vegetable and fruit-growing economy. We have also to note the need for keeping labour employed for a much longer period than in the case of mono-culture, where a number of crops can be raised on the same farm which will be ripening at various periods in the same season. Thus, such a multi-crop economy can offer multi-sided work over a long period in any agricultural year and enhance labour-intensive employment to the peasants. But it does not mean that it gives scope for any high degree of division of labour. Because it is not possible for any one of the processes of labour needed by anyone of the crops to prolong for such a long time as to give scope for division of labour for specialisation. The usual division of labour that is utilised by most peasants is to employ women on certain types of work which do not demand heavy manual power but which call for patient and careful labour. Secondly, almost all the agricultural operations by their very nature are complementary and inter-related both in time and function. For instance, a peasant who is interested in manuring his land by stalling his cattle on his land cannot be expected to engage additional labour for conveying straw,

sun-hemp fodder, and other cattle-feed to the field, and for supplying drinking water for cattle and washing them, and for spreading manure on the field, and yet another worker to level the land, repair field boundaries, digging canals etc. In actual practice, the peasant engages himself in all and sundry activities during the course of a day or a week or for that particular season because farming is a multi-sided activity and not a mechanically single-pointed activity. It is no doubt true that in most cases, peasants come to concentrate upon one or two principal crops as their mainstay and therefore they manage to acquire special skill and knowledge of their cultivation. To that extent specialisation and division of labour, if it can be called as such, may become possible. Hence, agriculture is more a way of living than a specialised industrial activity, divorced from the other aspects of a peasant's life. Indeed, the secret of success of a peasant's continued ability to work whenever necessary over prolonged periods for much longer hours of labour than is possible for industrial work lies in the diversity, multiplicity of the activities on which he has to bestow different types of labour of varying intensity with an admixture of initiative, enterprise, risk-taking aud judgment.

These things obviously suggest that in agriculture, one must be thorough with all types of work to make oneself efficient and these changing operations can be best performed only when people work in the field as a team with a single unit of management.

This takes us to the second factor that determines the optimum scale of the farm *i.e.* the number of farm-workers one can manage with such continuous guidance and supervision that agricultural operations require. Agriculture which includes also livestock as its inseparable complement is biological and all these things are to be done by human labour as there is not much scope for any automatic mechanism. The optimum size of a farm would, therefore, depend on the number of agricultural workers one can efficiently manage as a team in performing this outdoor biological operations. That such number must be necessarily small in agriculture is an accepted fact in all circles. This would be necessitated by the very fact that in agriculture the non-mechanical work is to be performed by the non-mechanical agents. That is why, even in collective farms, labour would be divided into small teams, each working under a single manager. When the teams are to be small and when there is to be no division of labour, then the sizes of farms on which these small teams are to work must also be necessarily small, because there would be no advantage in engaging large number of small teams in a large-scale single farm.

IV

Once we have agreed that for this kind of agriculture the farms and labour teams should both be small, the next question is the best kind of management. Should the farm be run by paid managerial staff, assisted by hired labour, or by the head of a peasant family working with his own family and with labourers hired occasionally at the peak seasons? Which will be most productive, and which will contribute most to social welfare? Our view is that the peasant proprietor working for himself will do better from both points of view.

As has already been said, the most important contribution to efficient farming is the farmer's personal interest, and this interest comes from strong incentives in the very nature and organisation of the work. For the peasant proprietor the incentives are naturally and permanently there. His security of life, and his free status independent of a boss, give him a keen sense of devotion to the land which he thinks of as his own, and pride in his initiative and enterprise. A self-employed peasant does not calculate the cash value of every ounce of labour; he puts forth his whole energy for his own sake and the land's. The work of paid managers on the other hand, whether or not they work on co-operative farms, will depend on artificially created incentives which have to be constantly renewed. For most of them, the one strong incentive is the prospect of a higher salary. Non-monetary incentives, such as prizes, will attract only a small number who care to compete for glory. Hence, to keep them all personally interested and efficient, we shall have to offer them continually rising salaries. According to reports, the Soviet Collectives sometimes spend as much as 41% of the total work-days on payment to administrators and service personnel.

Again, the peasant proprietor's workers are mostly the members of his family, with a little hired labour at the peak seasons. The kind of effort they put into it cannot be compared with that of the workers on co-operative or collective farms. They work and go on working for their own sake, for the family and the land, without relating the work rigidly to the returns. This is not so with paid management and labour. Firstly, men working under a boss who constantly guides and supervises them may not have any personal interest in their work, and will seldom put as much brain and muscle into it as the peasant's family. Secondly, since on a co-operative farm every extra man-day has to be calculated in terms of cost, it is impossible to get more intensive cultivation without increasing the monetary cost—which definitely limits the amount of possible development.

It appears, therefore, that the natural incentive of being his own master makes a man do more work at lesser cost. It also adds the imponderable but invaluable satisfaction of the sense of freedom and economic independence. Hence, the best manager for agriculture is the peasant proprietor cultivating his own land, and the next best is the protected tenant. Once we dislodge him, we shall have to engage a stream of supervisors and managers who will expect extra pay for every bit of extra work they do. The peasant proprietor working in freedom can carry out all the work of a manager, with the inestimable advantage that he retains the self-respect of his freedom. He can serve agriculture efficiently, creatively and responsibly. Hence, it would be unwise to deprive society of the great contribution which he is constantly making to its variety and well-being. Not only would it be a disservice to society, but an injustice to the millions of peasant cultivators, who neither desire nor deserve to be degraded to the position of wage-earning dependents in a managerial society.

V

All this is not merely a theory but has a relevance to practice. World experience clearly testifies this. Small holdings are always yielding greater quantum of production on each unit of land than larger holdings and the size of holding yielding maximum production per acre is always smaller in the labour-intensive agriculture than that of the mechanised agriculture. Again, even within the given agricultural technique, holdings cultivated and managed by peasant families showed better results than their counterparts managed by non-peasant agencies—whether they are capitalistic, collectivistic or co-operative. We know that United States of America and Soviet Union are the two countries which practise large-scale non-peasant farming while the countries of Western Europe, Japan and India are among the countries which have small peasant farms. For instance, the average size of the peasant family holding in Japan is only 2·5 acres whereas it is 145 acres in U.S.A. But the production figures of these countries clearly show that "it is the reverse of our own estimation that America and Russia must be leading the rest in the production of rice and wheat per hectare of land. The figures of production in quintals per hectare of land in the United States of America is 12.2, in USSR 9·3, in the United Kingdom with small farms it is 28·5, in Denmark with small farms it is 34·4, in France 27·5, in Germany 26·1, in Switzerland 34·2 and in Japan, whose peasant farms are even smaller than our own—they go down to half an acre of land per family—the production of wheat is 26·6 quintals per hectare, twice as much as in USA and 2½

times as much as in the Soviet Union. In the matter of rice again the same series of figures are to be found—28·3 quintals of rice per hectare of land in USA, 21·5 in USSR and in Japan, with small peasant farms, 48·5.

These figures show that Denmark and Switzerland raise three to four times and Japan twice as much wheat per hectare as the United States of America and Russia, and Japan raises twice as much rice per hectare as the Soviet Union with its giant farms"[1]

Again, the following statistical data[2] given in the report of the Congress Agrarian Reforms Committee (p. 23) will also show the same picture :

Denmark

Size of holding		Gross return per acre			Net return per acre		
		£	s.	d.	£	s.	d.
Under 25 acres	...	20	1	0	2	11	0
25 to 50 acres	...	15	4	0	3	8	0
50 to 75 acres	...	15	3	0	3	13	0
75 to 100 acres	...	13	18	0	3	14	0
100 to 250 acres	...	12	8	0	3	3	0
Over 250 acres	...	12	4	0	3	0	0

U.S.A.

	40 acre holding	80 acre holding
Output per acre	$ 54	$ 48

Switzerland

Size of holding	Acres				
	7½-12½	12½-25	25-37½	37½-75	Above 75
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Output per acre	22 11 7	19 0 3	17 17 2	16 2 3	13 17 7
Net Balance per acre	3 17 6	4 14 9	5 8 3	5 1 2	4 5 9

1. M.R. Masani's speech in the Parliament on 30th July, 1957.
2. Economics of Agriculture by A.P. Van per Post—pp. 170-172.

England

Group			Production per acre		
			£	s.	d.
1 to 50 acres	...	...	11	19	9
50 to 100 ,,	...	...	9	19	2
100 to 150 ,,	...	...	7	19	1
150 to 250 ,,	...	...	7	5	8
Above 250 ,,	...	...	8	4	4

We were also told in a personal interview (19th November, 1956) by Dr. Jahannes Virolainen, a Minister of Finland, that whereas their neighbouring collectives of Russia produced 2 tons of wheat on each acre, the peasant farms of their own yielded 4 tons per acre. This discrepancy is now-a-days seen even within the communist countries. Even Mr. Gomulka, Polish communist leader, had to admit that in Poland "Individual peasant production per hectare was 16·7 per cent higher than in co-operative farms and 37·2 per cent higher than in State farms."[1] In India also, the results of the farm management studies conducted at various places by the Union Ministry of Agriculture, proved that small holdings are yielding greater gross production in each acre than larger holdings.

We have conducted, on behalf of the Indian peasant Institute, Nidubrolu, special investigations on this subject during 1957 with a view to find out the existing relationships of all types between size of holdings on the one hand and production and cost on the other in our labour-intensive agriculture.

The area selected for this survey was ten square miles in Divi Taluk, Krishna District in Andhra Pradesh. It is predominantly a Ryotwary area, the tillers of the soil being the owners of land. The land is rich, being black-cotton soil mingled with deposits of the river-silt, with negligible differences in soil fertility. It enjoys good irrigation facilities from the adjacent Krishna river. The area is inhabited by efficient and hard-working peasantry and has consequently achieved a high degree of land improvement. Two crops, rice and pulses, are grown in the area. Of course, this area does not represent the average

1. Gomulka's speech at the eigth plenum of the PZPR Central Committee on Oct. 29, 1956.

of the country in productivity since the average production per acre here is approximately 4 times the average yield of rice in India. This, however, does not affect our analysis and conclusions since the area forms a homogeneous economic zone in respect of (*a*) organisation of farms, (*b*) operations in agriculture, and (*c*) natural factors such as rainfall, temperature, soil, crop pattern etc.

The method adopted in any emperical survey depends on the objective of the survey. Our objective is to find out the relationship between the size of holding, costs and quantum of production, if all the external economies of agriculture are provided by the multi-purpose co-operative societies. Hence, our investigation was not concerned with all those other organisational matters, such as credit, supplies, storage, marketing, price fluctuations, etc., which ought to be attended to by co-operatives. Therefore, our survey was primarily confined to the internal economies of agriculture (*i.e.* in farming operations) particularly to those factors which vary with the size of the farm.

All inputs and outputs of agricultural holdings had been calculated in physical terms to avoid the complexities resulting from the fluctuations in their prices and wages which have nothing to do with the size of holdings and to avoid wrong conclusions that might arise due to the natural advantages of some holdings against others. That is why the data has been collected on a physical basis which alone can correctly relate the size of holdings to costs and production. The later conversion into monetary terms was made only to show the proportion of costs to output and hence to the producer's surplus.

The survey was not conducted on random sampling due to the heterogeneity of the area. Not all the holdings of the area are owner-cultivated peasant holdings. Even among these there are variations in fertility and in other natural advantages. Again the total number of holdings belonging to different classes of this fairly large area are not known. Hence, the survey had to fall back on the method more close to the purposive selection method. What was actually done was as follows :

Different classes of holdings to be surveyed were decided in advance according to the number of bullock pairs each holding can fully utilise, because, the hired labour that a holding maintains and the other out-of-pocket expenditure that it incurs generally depend on the number of bullock pairs that a holding maintains. Since each pair of bullocks can

cultivate up to 15 acres on an average, the higher classes of holdings are made consequtively larger by 15 acres. A margin of 2 to 5 acres in each class is allowed as it was difficult to find out in the area large enough number of homogeneous holdings of the same size in different classes.

Holdings in each class were, then, purposively selected in different villages after having been convinced that they are homogeneous in respect of things stated above and that they provide the required information without any reservations. The number of holdings surveyed in each class was not, of course, strictly related to the total number of such holdings since the total number could not be known. Although the survey falls short to that extent of the scientific statistical standard, the number of holdings surveyed in each class are, we believe, sufficiently large enough that they can definitely convey the general trends. Probably, a larger percentage of the total holdings were surveyed as we go up to the higher acre classes as they were few in number.

Only owner-cultivated peasant holdings had been selected in all classes except one. In all, the class H holdings are about 30 in number, all of them belonging to one landlord. They have been organised on the lines of estate farming for producing rice-crop up till last year with all the managerial and technical staff, although they have been transferred to the sugar factory recently. This has been selected for the sole purpose of showing the difference between peasant and large-scale non-peasant farming.

Farmers were orally interviewed on the lines of the questionnaire only after the atmosphere of confidence was created. The questionnaires were not issued to the farmers since that might not have helped in getting the correct information. Though many of these farmers do not maintain any detailed records in this area, they could give us more or less accurate information as to their out-of-pocket expenses as well as the quantum of labour utilised for different processes of work and the quantities of various crop-productions from different fields. It was thought that reliance could be placed safely on their memory up to a period of 4 years as they were raising only one main crop, namely rice, and as they continue to think of, memorise and compare their experiences from year to year, in their day to day talks and discussions among themselves in family circles and village groups.

The results of the survey are given in the tables given at pp. 86-88.

Table—1: The size of holding and labour costs

Class of holding	Size of holding (in acres)	Average No. of unpaid family workers	LABOUR COSTS						
			No. of annual farm-servants engaged on the holding	No. of labour on daily wages engaged for				No. of labour engaged for misc. work on the farm	Total labour (paid) costs per acre (in Rs.)
				Transplantation per acre	Weeding per acre	Reaping per acre	Threshing, winnowing and storing per acre		
1	2	3	4	5	6	7	8	9	10
A	3 to 5	2	0·50	5·50	Nil	4	1	2	63·19
B	8 to 10	2	1·25	6	2	4·50	1	3	72·25
C	13 to 15	1·50	1·50	6·50	5	7	2	3	69·69
D	28 to 30	1	3	7	5	7·25	2·50	4	70·87
E	42 to 45	1	6	7	6·50	8	3	3	91·25
F	55 to 60	0	8	8	9	10	6	4	104·87
G	70 to 75	0	10	10	10	12	7	5	108·31
H	90 to 100	0	9	11	5	15	5	4	88·47

1. The average wage of annual farm servants in kind 3486 lbs. paddy (Rs. 378)
2. Average daily wage of each labourer for :
   - Transplantation Rs. 1·12
   - Weeding Rs. 0·87
   - Reaping Rs. 1·50
   - Threshing etc. Rs. 2·00

Table—II : The size of holding and costs other than labour

Class of holding	Average size in acres	No. of bullock or buffalo pairs engaged	Total No. of livestock including bullock pairs	Total costs incurred on livestock per acre (Rs.)[1]	Average No. of livestock per acre	Cost per acre on manures (Rs.)[2]	Depreciation and maintenance cost per acre on agricultural implements (Rs.)	Depreciation and costs per acre on farm shed (Rs.)	Per acre costs on seeds (Rs.)	Managerial costs per acre (Rs.)[3]	Land revenue per acre (Rs.)	Miscellaneous costs (Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13
A	4	1	6	18·00	1.50	24·00	15·12	2·12	3·00	—	16·50	4·00
B	9	1	9	15·00	1·00	27·00	10·00	3·00	3·00	—	16·50	4·00
C	14	1	12	12·75	0·86	32·00	4·31	1·50	3·00	—	16·50	4·00
D	30	2	20	12·00	0·67	38·00	3·75	3·00	3·00	—	16·50	3·00
E	43	3	28	12·25	0·65	44·00	4·25	2·50	3·00	—	16·50	3·00
F	56	4	30	11·00	0·54	44·00	4·37	2·00	3·00	12·50	16·50	2·50
G	72	5	32	10·00	0·44	48·00	3·75	1·25	3·00	20·00	16·50	2·00
H	95	6	25	8·00	0·26	22·00	3·50	1·62	3·00	28·00	16·50	1·00

1. This represents the out-of-pocket expenses incurred only on draught animals. The cost incurred on cows and she-buffaloes are neglected since they are more or less compensated on an average by the returns from the sales of milk and milk products. We arrived at this belief because the replies of almost all the farmers indicated that there was neither additional cost nor any surplus left on account of milk and milk products. Therefore, both the costs and income relating to the livestock other than draught animals are excluded in the calculations.

2. This includes only the out-of-pocket expenditure incurred by the farmer. The real value of the manure available on the farm itself is not calculated and included.

3. This includes also the remuneration paid in various forms, over and above the regular salaries.

Table—III: The size of holding and production and producer's surplus

Class of holding	Average gross produce per acre: Paddy Lbs.	Average gross produce per acre: Pulses Lbs.	Value of the gross produce per acre (Rs.)	Total man days of labour per acre in a year	Total paid costs per acre (Rs.)	% of paid costs to the value of gross produce	Total costs per acre if family labour is remunerated	% of total costs including remuneration to family workers to the value of gross produce	Producer's surplus per acre (Rs.)	% of producer's surplus to the value of gross produce	Average income of the holding (Rs.)
1	2	3	4	5	6	7	8	9	10	11	12
A (3 —5)	2988	336	391·50	241	146·00	37·29	335·00	85·57	245·50	62·71	982·00
B (8 —10)	2905	336	382·50	149	150·75	39·41	237·00	61·96	231·25	60·46	2081·25
C (13—15)	2780	392	380·25	102	143·75	37·80	184·25	48·45	236·50	62·20	3311·00
D (28—30)	2656	336	355·50	75	150·12	42·23	162·62	48·47	205·38	57·78	6161·40
E (42—45)	2490	280	326·25	87	176·75	54·18	185·55	56·87	149·50	45·82	6428·50
F (55—60)	2407	280	317·25	89	200·75	63·28	200·75	63·28	116·50	36·72	6524·00
G (70—75)	2158	224	279·00	95	212·75	76·25	212·75	76·25	66·25	23·75	4836·00
H (90—100)	1826	224	243·00	73	172·00	70·78	172·00	70·78	71·00	29·22	6745·00

*The value of the gross production in Col. 4 is not arrived at on the basis of the price at which farmers actually sold their produce but only by multiplying the physical gross produce with the average price. This price is the average of market prices at the specific month of 4 years. The average price of a bushel of paddy (116 lbs) comes to Rs. 18/- while that of pulses (224 lbs) comes to Rs. 145/-. This method is followed because the price of the produce will be the same for all farmers under the assumption that multi-purpose co-operatives exist. *Col. 5 includes also the family workers. *In Col. 8 family workers are remunerated on par with the annual paid farm servants for the convenience of analysis although it is in fact not justifiable. *Cols. 10 & 12 include the remuneration to the family workers.

A close study of the survey brings out the following conclusions :

1. *As the size of the holding increases the costs per acre increase.* There are certain items wherein economies of scale are obtained. But they are more than offset by the diseconomies of scale manifested in other items.

Economies of scale *i.e.*, reduction in costs per acre with the increase in the size of the holding are found in the case of the depreciation and maintenance costs on agricultural implements and farm-sheds and costs incurred on draught animals. These economies are found to be a substantial percentage up to the class C holding (13 to 15) due to the indivisible nature of these items. Whether a holding is of five acres or fifteen acres, each of the farmers requires a minimum set of implements and a pair of bullocks and a farm-shed. For this reason, the decrease in cost from A (3-5 acres) to C (13-15 acres) is Rs. 16·68 on each acre while the decrease from C to D (28-30 acres) is only Rs. 0·19, because a pair of bullocks and its concomitant agricultural implements, cease to be indivisible since the higher acre groups are consecutively larger by fifteen acres. However, the decrease in costs on draught animals from class F to H holdings becomes significant but for a different reason. The bigger cultivators of these holdings, as they are maintaining a larger number of bullocks which are being tended by farm servants are spending less on each pair of bullocks than the peasants of smaller holdings who themselves tend their animals with care and affection spending a larger amount, on each pair. Therefore, the costs incurred by the bigger cultivators on livestock per acre are lower and their animals are thin and weak. The small reduction in costs found beyond class C holding in this respect should not be mistaken to be the economies of scale.

These costs which show a decreasing tendency constitutes, however, small percentage (12·50 per cent) of total costs incurred on each acre.

As against this, we found that the labour costs, which form more than fifty per cent of the total paid-out costs are increasing as the size of the holding increases. The reasons for this are quite obvious from the survey itself. Firstly, the number of family workers who actively and devotedly work longer hours on a farm is found decreasing and the number of farm servants engaged on annual wages paid in kind is seen increasing as we go up from the small-sized holding to the large-sized holdings. The labour charges in respect of annual farm servants are increasing per acre because their number is increasing more than proportionately from class D holding upwards.

As the size of holding increases, the capacity of the farmer to supervise and guide hired labour becomes less effective and herefore to extract proportionately larger work, he has to increase hired labour more than proportionately. This would be quite clear from a comparision of class D and E holdings.

Again, the outlay incurred per acre on manure is found to be increasing as the size increases, because firstly the number of livestock on a holding increases less than proportionately with the increase in the size of the holding and secondly because the amount of farm-yard manure collected and utilised from each animal decreases, since the hired labour do not tend cattle. Hired workers do not spread organic manure on land with as much care as the farmers themselves do on small holdings. That is why, the larger holdings are spending more money on artificial fertilizers and on the purchase of farm-yard manure from the landless labour families. This naturally increases the cost of manures per acre.

Lastly, as the holdings become bigger, the costs incurred on management begin to increase. We failed to find any family members working when their farms are of forty-five acres and more. The usual system is to engage supervisors on a whole-time basis. These people are paid much more than annual farm servants and are also provided with many other non-monetary perquisites to serve as the minimum incentives. These costs substantially increase the cost per acre on the larger holding.

All these three types of costs come to about 74 per cent of the total costs when taken together. They would more than offset the economies resulting from the first group of costs (depreciation etc. on implements, sheds, cattle services) and make the total cost per acre increase as the size of holding increases. It can be seen from table No. III that the total costs come to 37.29 per cent of total value of production on class A (3 to 5 acres) holding while they are 76.25 per cent in the case of class G (70 to 75 acres) holding. Table IV (opposite) clearly reveals how the diseconomies of scale can more than offset economies of scale in our present agricultural production.

2. *We found that the gross production per acre begins to decrease with an increase in the size of holding.*

We did not find such a difference, however, in the case of the second crop viz., pulses. It is the usual practice for pulses (black-gram and green-gram) to be produced on a part

Table—IV

Class of holding	Total costs incurred on each acre on livestock, on depreciation and maintenance of agricultural implements and farm-shed	Economies of scale (in Rs.)	Total costs incurred on each acre on labour, manure and management	Diseconomies of scale, i.e. loss due to increase in size of holding (in Rs.)
A	35·24		87·19	
B	28·00	7·24	99·25	12·06
C	18·56	9·44	101·69	2·44
D	18·75	—0·19	108·87	7·18
E	19·00	—0·25	135·25	26·38
F	17·37	1·63	161·37	26·12
G	15·00	2·37	176·31	14·94
H	12·12	2·88	138·37	—37·94

of the holding, while sun-hemp is grown for fodder on the rest of the holding. The area reserved for the latter usually depends on the number of livestock, particularly draught animals on the holding. That is why the larger holdings are found to be producing these pulses on a slightly greater percentage of the total area than the smaller holdings because of the proportionate difference in the number of livestock they are keeping respectively. Yet, when we come to the average gross produce per acre of pulses, we do not find much difference as the small holdings are producing more per acre than the larger holdings.

In the case of the main crop, *i.e.*, paddy, which is sown on the entire holding, gross production per acre is decreasing as we reach the larger holdings. The causes for this difference are quite obvious from the survey itself. The method of cultivation of each small holding is seen to be more labour-intensive as compared with the large holdings. While 241 man-days are spent on each acre in the case of class A (3 to 5 acres) holding, only 73 man-days are spent on a 90 to 100 acre holding (class H). Moreover, labour on the small holdings is provided by the family workers whereas on the large holding hired labour is used. Also personal interest and supervision in tending the growing crops declines as we go towards a large-sized holding. As in the existing technique, production is mainly related to the labour-intensity of operations, this difference in the degree of intensity of cultivation naturally has much impact on the gross production per acre. Again, small holdings apply more farm yard manure per acre. Also they directly manure during the off season a greater proportion of the total area by stalling the cattle on the field. In addition, a peculiar kind of manure soil (patimannu) which has a soil-building

capacity is applied to the small holdings more often than on larger holdings. These natural manures have a residual effect which lasts for more than three years, unlike the artificial fertilizers which have been scientifically proved to have no residual effect at all. The excessive use of artificial manures in relation to natural manures in the large holdings results in a lower yield than would otherwise be possible. Some of the agricultural operations which are laborious but have a direct effect on production, like proper levelling and weeding, timely flushing of the fields and careful threshing, are being better done by the small peasants than by the rich peasants. All these factors cause the average gross production per acre of a large holding to be less than that of small and medium-sized holdings.

A question might naturally arise as to why it is that the big farmers do not increase production by engaging more labour and livestock? It is not that they cannot do it but only they do not find it worthwhile. Unless the workers are family members, every additional effort is to be paid for and thereby incur additional expenditure. They incur this expenditure only when the additional returns are at least equal to the increased outlay. Moreover, the additional hired labour employed may not be correspondingly efficient. Since we do not generally find so many family workers investing their labour in the large holding, the additional outlay of labour and capital incurred on a large farm to further increase the intensity of cultivation would not be compensated for by the returns. Therefore, in a large-scale farming, it will not be economical to increase the labour intensity of agriculture beyond a point. The net product per acre will be diminishing as the intensity of agriculture increases beyond the point. This is clearly seen from a comparison of class G and H holdings. The difference in size between them is not so great. Yet, the class H holding (90 to 100) proved to be more efficient with its Rs. 71.00 producer's surplus per acre than holding G (70 to 75) which is yielding only Rs. 66.25 producer's surplus in each acre. This happens, notwithstanding the fact that the class G holding is more labour-intensive and yields 332 lbs. of paddy more on each acre than the class H holding. In other words, the class G holding had to incur an outlay of Rs. 40.75 more per acre than class H adding to get a return of Rs. 35.00 more per acre. The marginal returns were proved to be not worth the marginal efforts and costs. This clearly proves that as the size of a farm grows larger, the scope for intensity of cultivation will be getting narrower.

3. From the above two conclusions follows the third one *i.e., the producer's surplus per acre would begin to increase as the holding becomes smaller.* This is especially so when the remuneration of the family members of the smaller holdings is

included in the producer's gross surplus. But it is wrong to do so to measure the real efficiency of the holding. On what criteria can we attempt to calculate the remuneration of the family labour? This is a very controversial question involving subjective valuations. For the purpose of our theoretical analysis, if we assume they are to be remunerated only on the basis of hired labour, then the producer's surplus per acre would begin to increase from 3-5 acre holdings up to 15 and 30-acre holdings and then again begin to decrease. The holding on which this producer's surplus attains the maximum should be considered the optimum holding from the point of view of efficiency.

In the area surveyed, medium-sized farms, which could provide maximum employment to the family labour and which could also provide a reasonable surplus to re-invest in further improvements, proved to be the most *efficient*. The 5-acre holding could give more produce per acre, because of its greater labour intensity, since the family members, having no other employment, are prepared to devote much more of their man-days of labour, without any consideration of monetary returns. The monetary returns for a unit of labour in such holdings is conspicuously low when compared to the medium-sized holdings for this very reason. Medium-sized holdings are most efficient also because more capital could be ploughed back into them for land improvements. The small holdings do not give scope for any large investment of capital while the larger holdings do not make it worthwhile to further invest in intensive cultivation since, for them, the marginal increase in production would cost much more than its value. That is why savings of the rich farmers are either invested in purchasing new land or are diverted to the immediately fructifying non-agricultural sectors.

4. *The net income of a farmer from his holding, therefore, begins to rise proportionately until we reach the optimum medium-sized farm and from then onwards rises by very small amounts as the size of the holding increases.* The phenomenon obviously has important implications from the point of view of economic planning.

(*a*) If the holdings beyond the optimum size are redistributed into a number of peasant family holdings, the total production and net income would increase to a great extent. Along with it would increase the quantum of self-employed people. For instance, according to the survey, if the 90-100 acre holding (H) is re-organised into optimum peasant holdings, the net income from the total holding would increase from Rs. 6,745 to Rs. 19,866, the total production rising to the extent of 65% and the total money costs diminishing by 18%.

(*b*) The re-organisation of agriculture, therefore, should be made on the lines of encouraging the peasant family holdings. Our planners seem to be under the impression that family farming is based on the considerations of money costs (outlay) and benefit (return) to the individual farmer rather than on social costs and social benefits. Since our schemes of land improvement have to be labour-intensive, in view of the extreme lack of alternative employment and abundance of under-employed labour, it is only in family farming that we find the out-of-pocket costs to be at the minimum as the family workers would be putting in extra work without any considerations of monetary remuneration. In large-scale co-operative or capitalistic farming we cannot extract such additional work to the same extent without paying additional wages and have it done with the same zeal as we can in the case of family farming. It is, therefore, in capitalistic and co-operative farming, which are based on labour depending on wages, that the considerations of money cost and returns predominate. Family farming, on the other hand, can be said to be based on the considerations of social costs and social returns due to the very nature of the work that family members perform and due to the greater quantum of satisfaction resulting from self-employment, freedom and independence inherent in such family holdings. This can be clearly seen from the results of the survey. A peasant holding 13 to 15 acres is incurring more or less the same cost per acre as a farmer owning a 100-acre holding, after the family labour is remunerated on par with hired labour. But the former produces 65% more per acre by putting in 102 man-days a year on each acre as compared to the 73 man-days put in by the latter. In the same way, a peasant holding 8 to 10 acres (B) of land is incurring more or less the same cost per acre (if we put a money value on family labour) as a landlord owning 75 acres (G), but the former produces 37.1% more per acre by putting in 149 man-days of labour a year as compared to the 95 put in by the latter. It is this difference in intensity of cultivation and consequent productivity that constitutes the real difference between peasant family farming and large-scale non-peasant farming.

We are, however, conscious of the limitations in the application of the results of the survey in its full details to all holdings in all places. The results would naturally vary with the variations in the variable factors like type of soil, climate, the crops grown, the methods of cultivation, etc. Yet, the broad conclusions, we believe, will generally hold good, although there are bound to be variations in degree—variations possibly important in some places. For instance, the optimum size of the holding might be big or small in other areas than the one indicated

in the survey and yet it is bound to be a medium-sized holding. Secondly, the whole survey is based on the assumption of the existence of multi-purpose co-operatives which are expected to serve all the common needs of individual agriculturists in matters of credit, marketing, supplies and others. But actually there exist no such co-operative organisations in the area surveyed. That is why, the farmers of the larger holdings are actually getting larger money incomes and the peasants of the smaller holdings are getting smaller money incomes than those indicated by the survey which is conducted on a physical basis. This is a result of the superior bargaining power and influence of the big holders as against that of the small peasants in all economic spheres like credit, marketing, supplies etc. For example, the survey reveals that the rich farmers were able to sell their produce at a price nearly 20 per cent above the average price noted in the survey while small peasants sold their produce at a price nearly 14 per cent below the average price, due to the differences in their staying capacity. These differences would not have been found if the multi-purpose co-operative societies had been developed.

The Uneconomic Holdings

The foregoing analysis has shown that the small-scale family farming is more economical and efficient than large-scale farming. The analysis is particularly relevant to Indian agriculture which is characterised predominantly by small-scale owner-cultivated family holdings. This characteristic of Indian agriculture will in all likelihood be accentuated by the growing tendency toward fixing ceilings on land holdings in conjunction with the tenancy legislation.

In this connection the views of the Planning Commission deserve close attention. Briefly, they contend that the average agricultural holding in India is so unreasonably small as to nullify the advantages of small-scale family holding as treated above. The point is made clear when it is recalled that the optimum size arrived at in the survey is 30 acres (which in itself should be considered as a small rather than a large holding) while the average Indian holding is only 7.5 acres. The gap between the optimum and the average is much greater than is indicated by the above figures when fertility and other factors of agricultural production are taken into consideration. In substantiation of their contention, it is argued that the small size of the average Indian holding precludes full exploitation of the existing indivisibilities like bullock unit, agricultural implements etc. and does not provide full scope to the family's labour and managerial potential. These limitations, it is said, result

in unutilized human and animal power—a clear social waste. To obviate this unemployment and to ensure full utilisation of these factors, it is proposed to pool all the available resources in the form of co-operative farming enterprise.

Of course, it is true that too small a holding is less economical than an optimum holding but it is not as uneconomic as it is ordinarily made out to be. It should also be recognised that the uneconomic nature of the small holding in India is mostly a result of factors other than size.

It is wrong to assume that all holdings, however small, are having a pair of bullocks and all the agricultural implements and then proceed to argue that they are only partially utilized. Actually, many small farmers do not maintain even a pair of bullocks but resort to various arrangements to obtain the services of cattle and implements for their agricultural operations. For example, it is a fairly common practice for small farmers who do not own bullocks and implements to exchange in an informal way their labour for the use of their neighbour's animals and implements. A variant of this arrangement is for a man having his own plot of land and working in the service of another relatively big farmer to make use of the cattle and agricultural instruments of his employer to cultivate his own plot. It frequently happens that out of, say, two small farmers, only one would be having the agricultural wherewithal and the other would be hiring the animals and implements from the former. This arrangement while ensuring the full utilization of his investment for one, saves the other from the necessity of a heavy investment in something of which only a part can be made use of by him. Again, a not uncommon practice is found among small peasant families which is conveniently ignored by the economists; that is, the joint ownership and co-operation with respect to indivisibilities. Joint ownership of agricultural implements and draught animals is mostly found in the cases of brothers after they have partitioned their family property. In some cases, friends, relatives or neighbours, own individually only part of these indivisibilities but pool them together at the time of agricultural operations. A special investigation limited to a group of villages conducted to ascertain the situation in this respect disclosed the fact that only 40 per cent of the small holdings below 20 acres maintained a pair of bullocks while the rest resorted to one or the other of the above arrangements.

Again, the nature and proportional importance of costs a farmer incurs on these indivisibilities in the labour-intensive agriculture are different from those of mechanised agriculture. In mechanised farming, these indivisibilities involve not only heavy investment and operational costs but also form

a predominant percentage of total costs. This will not be so in the case of agriculture dependent on animal power. A pair of bullocks involve comparatively not too heavy investment and depreciation costs compared to the power-driven machines. The difference, apart from the other factors, is also due to the fact that animals can be bred and reared in many cases and in full or in part in the peasant's own farm, whereas machines are to be purchased every time. Their maintenance costs amount, according to the survey, to 7.50 per cent of the total costs. Same is the case with agricultural implements. Most of them like ropes are made by the farmers themselves and the depreciation and maintenance of all the rest come to about Rs. 7 per acre. There is also the advantage of local availability of carpenters and good portion of timber. Both of these costs come to about 10.25 per cent of the total costs per acre. This might come to little more in the case of those whose size is below the basic holding.

In the light of the above two considerations viz., that all small holders do not maintain the bullock units and that the costs incurred on this item is not as significant as in mechanised farming, it can be seen that the surplus draught animal power, though to some extent wasteful is not a serious enough factor to make the Indian small holdings so uneconomic.

We find, however, such unutilized capacity only in one factor—labour. The main argument against a small-scale farm is that it would not give sufficient productive employment for the people dependent on it and hence causes much under-employment. This under-employment naturally results in low return from each unit of labour maintained by the peasant family and exerts a depressing influence on any tendency towards mechanisation of agriculture. It is therefore argued that if the farming-unit is made larger, it will do away with the under-employment of just those people who are employed in agriculture.

It is true that a large number of rural families are dependent on such tiny agricultural holdings as cannot even maintain them at a subsistance standard of life. It is seen from table III of the survey that on holdings A (3-5 acres) and C(13-15), 241 and 102 man-days of labour a year per acre are put in respectively. The returns from the same two holdings respectively are worth in terms of money Rs. 391.50 and Rs. 380.25. These figures indicate the disproportion between the input of work and the returns. While 140 per cent more work is done on farm A than C, the former could show only an increase of 4 per cent over the latter in actual production. That explains why the monetary returns per unit of labour in small holdings is

always lower than that in larger holdings. This is due to the undue dependence of too much population on agriculture. The fragmentation of holdings resulting from this over-pressure on land is indirectly giving rise to a surplus of draught animals in agriculture.

The investigations conducted in a few villages and given in table V (opposite) confirm the above analysis.

The investigations in these villages lead to the following conclusions :

1. If each village is treated as a single farming unit and if the labour there engaged in agriculture is to be fully employed and if the unit were to function as efficiently as the optimum size of the farm of our survey, *it will be found that about 50 per cent of the people dependent on agriculture in these villages become unemployed or surplus.* And about 31 per cent of the draught animals become surplus. That is, the present family structure of agricultural economy is maintaining all these unproductive dependents due to the family ties and in the absence of alternative social securities. If co-operative farming were to be introduced, it would inevitably result in the release of this surplus labour and animal power. Naturally, these people have to be shown alternative employment by society and its Government.

2. The surplus of draught animals in each village is not in proportion to that of labour and even this surplus arises mostly out of the many holdings falling between 15 to 30 acres. Again a pair of bullocks is not maintained on every one of the holdings. Among the farmers holding 20 acres and below, only one family out of three is owning the draught animals. The rest of the farmers have taken recourse to one way or the other described above.

3. In many cases, it is found that the pair of bullocks belonging to an uneconomic holding are not entirely confined to agricultural work but are utilized for cartage of marketable goods and other non-agricultural purposes. These activities supplement the income of the uneconomic holding to some extent. This is much more in the case of villages situated on the outskirts of a city or a town or a mandi (market place). For instance, in E village of our survey—Gundupalam—each pair of bullocks, we are told, is earning more than what a peasant is spending on it, by way of cartage to its nearby town—Masulipatam.

The surplus power of draught animals on any small holding, therefore, is not the principal factor which makes it an

Table V : Surplus resources

Village	Total No. of family holdings	Total acreage under these families	Total No. of bullock units	Surplus bullock units*	Percentage of surplus cattle	No. of family holdings below 20 acres	No. of bullock units on holdings below 20 acres	Total No. of family workers and attached annual servants	No. of surplus male workers available locally at prevailing salary for annual farm service	Surplus male labour	Percentage of surplus male labour to total No. of male workers*
1	2	3	4	5	6	7	8	9	10	11	12
A. VAKKALA-GADDA.	110	905	86	26	30	102	66	193	60	103	54
B. CHITT-URPU.	225	1030	108	39	36	221	98	449	39	281	57
C. VEMULA-PALLI.	92	417	44	16	37	89	38	155	40	111	60
D. NARASIM-HAPU-RAM.	120	713	68	20	30	116	61	215	Nil	71	33
E. GUNDU-PALEM.	118	947	85	22	23	107	66	245	64	120	40

*Granted the seasonal assistance of hired labour, three full-time workers along with a pair of bullocks constitute, broadly speaking, an ideal team for the cultivation of 15 acres holding. This criterion is employed in arriving at the quantum of the surplus labour and draught power.

uneconomic unit. The surplus manpower in our present agriculture is the main factor. This surplus labour power is brought about by the over-pressure of labour on the single factor of agricultural production, namely land. Hence the fundamental cause for the small uneconomic holding must be ultimately traced to the imbalance in our economy—the adverse man-land ratio. The remedy for the removal of this imbalance in the economy is primarily the diversion of agricultural population into other socio-economic sectors of employment and not the co-operative farming.

We have already seen that it is not possible to divert the surplus population to other sectors and our policy for sometime to come should therefore be to see that agriculture is enabled first of all to maintain this surplus population. Is not then the small family holding absorbing more people and working with minimum disutility than a large-scale non-peasant holding? It is so because the medium and large holdings fully employ their members of the family and engage hired labour only to the extent that the marginal returns are equal to the marginal labour costs. These holdings would not give rise to any under-employment of labour. Therefore, the under-employment of the family people obtains only on small holdings because of the indivisibility of the peasant family as a labour-unit. Small holdings are obliged to absorb these surplus population on agriculture because they are based on the system of family farming which has had to undertake, till now, the responsibility of maintaining the under-employed and disabled dependents, in the absence of State-sponsored social securities. Considered strictly from the economic point of view, these surplus people are non-earning dependents. But since these are also members of the families, they divide the limited and insufficient work among themselves and share the given income among themselves irrespective of its adequacy. This process takes place naturally and without any conscious planning since in the system of family farming one does not feel the deprivation of some work and income by the other members of his own family due to their family bonds, which are instinct with a sense of social security for all the members of the family. Any other system of farming would have thrown out this disguised unemployment into the labour market which has to be handled by society as a whole. In the absence of any alternative employment opportunities, society has been content to throw this onerous burden upon agriculture and the social-economy of family farms.

Secondly, this absorption of surplus workers on the family farm tends to make agriculture more labour-intensive which

could not have been possible in any other system. All the members of a peasant family work on their farm irrespective of the individual returns they can get. The real cost (disutility) they incur while they are at work will be only just as much as the energy they expend in following a hobby, because they are anyhow being maintained by the family's socio-economy. It would be another matter if they have to employ others on their farm work or to get employed by others. This is so because they are self-employed, working on their own farm with all the freedom and independence from any bosses or supervisors and pay-masters. Their piece of land they cultivate becomes inseparable from their everyday life. Hence, the work on the farm does not involve any proportionate disutility to them. Indeed it also gives some happiness to most of them. So they go on working on the farm irrespective of the monetary results especially in the absence of better paying alternative employment. The efficiency of other systems of farming suffers from the absence of natural incentives resulting from the inspiration of self-employment sense of ownership intuitive affection for family of peasant farming, the closest, most effective co-operative. Therefore, the small family farms are rendering a service to the society, although from purely non-social consideration of income made possible per individual farm-labour unit, it seems to be uneconomic.

What we have to consider, therefore, is not the disadvantages of limited employment potential of the existing small-holdings but their capacity to afford that limited self-employment even during the short period of work available on their holdings. Society must be grateful to small peasantry for relieving it from the burden of providing them employment. When the society is unable to provide full employment, and when one can secure one's own employment and be happy with it without becoming a nuisance to society, it should welcome such a self-employed worker. Otherwise, the disutility resulting from unemployment will have its own repercussions on the society. These unemployed people not only become a great burden upon society but also set a bad example to others and create a demoralising atmosphere in the society. In the present stage of our economy, these evils are warded off by the existence of peasant farming. What the State ought to do is to provide additional or subsidiary work to these under-employed people and thus assure them of additional income; but not to undertake the impossibly unbearable burden of replacing peasant family farming economy by co-operative or collective farming which can hardly provide full employment to half the present number of people who are dependent upon agriculture and finance the maintenance of the other half, wholly or partially unemployed.

Hence, when we look at the small but so-called uneconomic family holding in the right perspective and assess its present existence from the social point of view, we realise that they are definitely serving a useful and essential social purpose, which could not be done by any other economic device or institution in its absence. To indulge in a fight against small holdings in the name of economies of scale and their uneconomic nature is only to ignore certain other equally essential socio-economic factors that are of fundamental importance to the society. These invisible social functions and imponderable economic services which are being rendered by peasant family farm economy have to be properly appreciated and evaluated before the so-called economic advantages of alternative economy are sought to be welcomed.

As long as we fail to treat the root cause of the disease but only treat the symptoms, we cannot hope to get anything else except a marginal effect. No doubt, this marginal benefit can be gained if the surplus livestock is removed from the Indian agriculture. But such removal does not necessitate the organisation of co-operative farming and pooling of land. Most of this surplus can be done away with if the peasants below basic holdings are convinced and persuaded to cultivate their lands together with the assistance of jointly-owned bullocks and implements. If necessary, even bullock-power co-operatives can be organised for this purpose. Government can help developing such co-operatives but it need not plan because the surplus draught animal power will only reduce the net income of the individual farmer, but will not affect the gross production of the holdings. It should be the responsibility of peasants to decide whether the advantages of co-operative ownership of bullocks and implements are greater or less than the disadvantages in their present practice. Government can help in developing such bullock-power co-operatives, either by encouraging the existing *de facto* co-operative arrangements as between a few peasants or by organising new co-operatives for this special purpose for as many peasants as will welcome such a move. It might even encourage joint farming among small peasants owning adjacent fields, preferably enjoying family attachments by giving even preferential incentives in matters like supplies of credit, adequate manure, tested seeds, improved implements, storage and marketing facilities. Again, as a precaution against future, Government will do well to introduce legislation against further fragmentation of basic holdings. Legislation can be as well introduced on the lines experimented in Germany. The consolidation of holdings also goes a long way in realising this objective.

The following *resume* will close the present chapter.

● In the labour-intensive agriculture like ours, small-scale farming is certainly more efficient, productive and economical than large-scale farming, once the multi-purpose co-operatives or Farm Service Co-operatives are developed.

● The system of family farming based on the peasant proprietorship is fundamentally superior to any managerial system both from the social and economic considerations. Such peasant family system implies that agricultural work is done by the members of a family themselves, engaging hired labour only during peak seasons.

● For improving the agricultural production and efficiency, large-scale holdings and non-peasant farming should be eliminated from the agricultural sector. The ceilings on land holdings and legislation to protect tenants can bring about this process smoothly.

● But there is a limit even to the smallness of a peasant holding to keep it efficient and productive. The present innumerable tiny holdings are the results of the adverse man-land ratio. Efforts should be made to eliminate or at least reduce the over-pressure on land which led to the extreme fragmentation of holdings.

CHAPTER VIII

CO-OPERATIVES AND CO-OPERATIVE FARMING

We have seen in the foregoing chapters how shallow is the principal argument of economies of scale for justifying the introduction of co-operative farming in India. But there are also other arguments. The latest slogan in favour of co-operative farming is that it alone introduces higher techniques in agriculture, increases savings and employment potential, facilitates land improvements and planning for progressive farming, and thus results in increased production and income to agriculturists. It is also maintained that these benefits will be realised only when lands are pooled and peasant family farming is abolished. Let us analyse these points one by one and see how far they are correct.

I

It is hoped that co-operative farming would lead to the introduction of higher scientific techniques of production and consequent increased production. The application of improved tools and seeds, substitution of higher yielding crops, rational application of manure and fertilizers, introduction of improved cultural practices like diversified crop economy and cultivation practices like deep ploughing, early and properly-spaced sowing, more weeding, systematic threshing etc. and controlling of pests are some of the higher techniques which are said to be better developed through co-operative farming, since it can afford to maintain experts and take risks in making experiments in new methods. And it is said that individual family farming obstructs the growth of these higher techniques in agriculture not only because individuals cannot afford to maintain any experts to make experiments but also because peasants are conservative in agricultural methods and do not adopt new methods so easily.

In the special conditions of India, higher techniques do not generally include mechanisation. Then why should the higher techniques mentioned above require a large-scale farm? How does the adoption of improved tools which will be handled by the same labour and draught animals demand a larger farm? How are better cultural and cultivating practices related to the size of a farm? Does the application of better fertilizers

and seeds need a change in the scale of farming? The implements and materials connected with these higher techniques are in most cases not indivisibilities (*e.g.* fertilizers and seeds) and even if they are, they are not indivisibilities to a much greater extent than a pair of bullocks. Hence, it is very difficult to intelligently relate the higher techniques to the scale of farming.

After all, the application of higher techniques depends mainly on the extent of knowledge of agriculturists regarding them, on the availability of the complementary equipment and materials connected with these techniques and on the financial means needed for adopting them. Even if agriculturists come to grasp the latest techniques of agricultural science, it would not be possible for them to utilise the knowledge in practice in the absence of the complementary equipment and materials like electricity, tested seeds, fertilizers, tools etc. Even if the above two pre-requisites are realised, they cannot be implemented if the financial means are lacking. In the absence of any one of these three essentials—knowledge, materials and financial means—these techniques cannot be absorbed. Once such pre-requisites are made available, they will be absorbed irrespective of whether the farming is carried on individually or collectively.

Did Indian peasants fail to absorb these higher methods in their cultivation even after the knowledge and means of these higher techniques had reached them or were made available to them? Are they inherently too conservative to adopt new methods? There is no evidence anywhere that our peasantry rejected any useful methods of cultivation and refused to take to any improved implements after their superiority had been demonstrated. In fact, it is the family farm with its labour-intensive character which has proved most amenable all over the world in the adoption of higher techniques. No other system of farming has so far excelled the peasant economy of Japan, Netherlands, Sweden etc. in per-acre production or in absorbing the latest methods of cultivation. The Japanese and Chinese peasants have long been using night soil to supplement farm-yard manure. The Chinese peasant methods of soil protection have been world famous. In our own country, the history of development of production of Virginia tobacco, oil-seeds (ground-nut), improved varieties of rice, wheat, sugar-cane, and cotton speaks eloquently of the dynamism of peasant economy. Even artificial insemination of cattle has been welcomed by them. This point is well spotlighted by reading the following few lines of First Five Year Plan (p. 252).

"The cultivator is generally well aware of the importance of using good seed. Good cultivators are known to preserve

their own seed. Certain varieties of seed have spread by themselves without special departmental efforts, and if improved seed is not making much headway as it should, the cause must be sought in some defect in the seed or elsewhere than in the apathy of the cultivators." Even as far back as 1889, Dr. A.J. Voelcker, consulting chemist to the Royal Agricultural Society, was deputed to conduct an investigation into Indian agricultural technique and suggest improvements. He wrote in his Report : "at his best the Indian Cultivator is quite as good and in some respects the superior of British Farmers, whilst at his worse it can only be said that this state is brought about largely by the absence of facilities for improvement which is probably unequalled in any other country and that the ryot will struggle on patiently and uncomplainingly in the face of difficulties in a way that no one else would."[1]

It is true that higher techniques are not yet developed in many parts of our country but it is not true to say that peasant farming is responsible for it. If that is the case, we would not have found in our country some peasant regions that are highly developed in contrast to that of an average one. The non-appliance of these techniques is entirely due to the absence of essential conditions. The minimum of social infra-structure has to be built up by the State when alone these methods can be adopted irrespective of the system of farming.

So far no systematic effort has been made to inform the peasants about higher techniques. Only since 1952 a systematic effort is being made in certain areas through the N.E.S. and Block Development activities to enlighten peasants aboutimproved methods of production. Government has evolved a nationwide Plan of Seed-Multiplication Stations only in 1958. Whatever limited efforts have been made in these directions, the results have proved to be more than encouraging. For instance, the total consumption of ammonium sulphate increased from 2,75,000 tons to 6,00,000 tons during the five years of the First Plan and our Planning Commission itself had to admit that "farmers do not find it by any means easy to obtain the quantities of fertilizers needed by them and instances of supply running short or arriving late have been by no means uncommon."[2] The growing popularity of the Japanese method of paddy cultivation among peasantry, the increasing demand for Kirlosker Pumps, diesel oil engines and the large-scale introduction of many new commercial crops within a short

1. Report on the improvement of Indian Agriculture, p. 10.
2. The Planning Commission, Government of India, "Review of the First Five Year Plan", p. 92.

span of time testify that our peasants are very receptive to these new techniques. The demands for Government subsidies on the basis of 50% expenditure from peasants to match subsidies for digging or repairing wells, levelling the land and protecting it from erosion have always far exceeded whatever Governments have been ready to offer during the original Grow More Food Campaign and also during these plan-periods.

Once the knowledge about the scientific and labour-intensive methods of cultivation is conveyed to our peasant and the necessary equipment made available, he is perhaps the first man to utilise it. The reason is that the additional labour involved in such process as the Japanese method of cultivation does by no means scare him as most of the labour is provided by his under-employed family members and also since agriculture is his sole traditional profession his mind is not deflected from it unlike other callings.

One of the best means of introducing these higher techniques is to popularise them through propaganda, demonstrations, exhibitions, training of peasants and their young folk and supplying them the necessary means—certainly not the replacement of family farming by co-operative or collective farming. Wherever and whenever the new methods or crops have proved to be yielding higher incomes, peasants have always been keen to adopting new methods or crops. Even in the agricultural economy of totalitarian countries such improvements are being achieved only through constant exhibitions, propaganda, persuasion and not by merely engaging technicians. We have not so far tried such methods to any appreciable extent. Yet our planners are so wrongly inhibited by the idea that the peasants are conservative and are opposed to higher techniques. Why does a peasant oppose them? Is he working on his field day and night only deliberately to get less produce from his field than what he can usually get? If the peasants who actually work on the fields are inherently conservative to adopt these new methods, how can *prima-facie* a co-operative farming society formed by them adopt such things? If an outside expert is imposed on a co-operative farm to dictate new methods of cultivation, irrespective of the wishes of members, then that farming system cannot be called "co-operative". If he is expected to persuade members in a co-operative farming society to adopt better methods of work, he can as well persuade the individual farmers in the capacity of an employee of the State. Also mere experts and technicians cannot carry on farming on higher techniques if peasants working on the farm are ignorant or averse to them because almost all these techniques involve high labour-intensity and they will be effectively absorbed only when at least the whole-time peasants are conversant with these

methods. If, however, co-operative farming is proposed only to replace all the peasants by the same number of experts it would be an impracticable and costly proposition. With much less cost, trouble and time taken to train so many experts needed by the co-operatives, we can as well train all the farmers. Again agriculture cannot be looked after merely by technicians since they will be strangers to peasants and may not be able to win their confidence. The heads of family farms are best capable of understanding and implementing the scientific methods provided they are given the needed elementary training, thanks to their experience, enterprise and initiative. Thus, peasant farming can provide the largest group of trained personnel at the lowest cost to agriculture.

The introduction of higher techniques involves not only the application of modern knowledge in agriculture but also investment of more money in purchasing the appliances and other accessories. This takes us to the next argument of co-operative farming, viz., that it alone supplies the financial means necessary for the introduction of higher techniques.

II

The argument runs as follows :

In individual farming system, the savings will be made by different individuals and there is no means of effectively mobilising these savings and utilising them in agricultural improvements. But in co-operative farming the management of the large society determines in advance how much should be saved and then deduct it from the net income of the society and the remaining income alone will be distributed among members as wages and dividend for their work and land. The savings realised thus in a planned manner will be utilised in introducing the higher techniques and in bringing about long-term land improvements like levelling, construction of irrigation works, wells etc. etc. In individual farming the saving potential is not evenly distributed and there is no effective means of mobilising them for a common purpose. And the savings of individual farmers are not enough to encourage these improvements and techniques.

Co-operative farming may be an effective means of planning and mobilising the savings and investment decisions. But can it create and encourage savings? Do we not have any other democratic way of mobilising the individual savings?

After all, the saving potential of any group of people of any area depends on their income and their propensity to consume. The income of an Indian agriculturist is too low to leave any surplus after affording a subsistence level of living.

The chronic indebtedness in the rural areas is mostly due to the fact that most of the agriculturists are not getting incomes high enough to maintain themselves on a reasonable standard of living, because of the existence of unfavourable man-land ratio. It is an admitted fact that unless the over-pressure of population on land is relieved, it is highly impossible to create any saving potential in agriculture. But any such large-scale diversion of population from agriculture is neither the intention of our planners nor is it within the immediate competency of our Government. How would the quantum of savings increase if the same number of people with the same total income are brought into a co-operative farm? Even in a co-operative farm, people must be assured a minimum standard of living or at least subsistence. If the total income remains the same as before, how can a mere organisational change affect the total situation so radically? If it is to achieve a large margin between income and consumption, it has either to lower the consumption standards of its members or raise the aggregate income of the group.

When people are already living at a subsistence level, their consumption standards cannot be lowered down any further except by compulsion. That is, the co-operative farming system has to be turned into an effective means of bringing down the consumption standards through tapping the income before it reaches its members. It is foolish to expect that the members of a co-operative farm will voluntarily agree to live at a level much lower than even the subsistence level. On the other hand, when the decisions are to be made voluntarily regarding consumption and savings, peasant proprietorship is the best system for the development of thrift and savings. This tendency is clearly seen in all parts of the country when we compare the consumption habits of peasants with those of other classes of people among the same income group. Thrift is an inherent characteristic of the peasant family. This must be probably due to the natural incentives attached to the holding of family property and to their anxiety to strengthen that sole source of employment and economic security and their concentration on the development of their own plot of land. Such a natural and strong incentive to save cannot be expected to survive in a system of co-operative farming, when such family bonds towards their own pieces of land are destroyed. Co-operative farming may, therefore, tend to dry up even the existing savings.

The alternative is to find ways and means to increase the aggregate income which in turn can be affected as we saw earlier only by the introduction of higher techniques. As it is, our agriculture is starved of capital and our agriculturists lack the saving potential. Hence, the only way of obtaining the financial resources needed for the introduction of such higher

techniques is credit. Agriculture must invariably depend on credit as long as the present man-land ratio remains constant, irrespective of whether it is based on individual farming or co-operative farming. Once Government provides the required credit, peasants' savings will be found to augment and enrich the financial resources.

Credit needed for agriculture for year to year production and for affecting land improvement will be best provided by the co-operative credit structure which consists of primary agricultural credit societies, Central Co-operative Banks and State Co-operative Banks. Credit can be supplied to the agriculturists to any extent only if they can repay it. And this will be made possible only if the credit is linked with production. If it does not result in increased production, the agriculturists will not be able to pay it back as almost all the present production goes for financing the subsistence of peasants. From the point of view of merely administrative convenience it may probably be more easy to link up credit with production and effectively increase the supply of credit if agriculture is based on co-operative farming, since the creditors are to deal with a fewer number of people than they would have to in individual farming and they need not care whether the members of the co-operative farm have anything left for their subsistence. But are we to change a historic social institution which has so many aspects of permanent value just for the convenience of our administrators? Why should not our planners first of all attempt to see that all the credit needed by our peasants is supplied through Co-operative Banks at economically lower rates of interest and thus help them to lower the costs, undertake better methods of production and increase total production and incomes, instead of hankering after the idea of upsetting the social structure, to be caused by the replacement of peasants by co-operative farming.

We have many schemes to effectively extend credit to the individual peasants. The integrated scheme of rural credit—recommended in the Rural Credit Survey Report and adopted by all the States—which is based on the principles of State participation in the share capital of co-operatives, complete co-ordination between the credit and other economic activities like marketing and processing and administration of these co-operatives by well trained and efficient persons, is being offered as the best system to extend sufficient credit in an efficient manner to all individual peasants. So are the schemes of supervised agricultural credit or the planned purposive credit. The only difference is that administrators would have to take a little more trouble and engage some more supervisors when they deal with agriculturists individually through these credit or

Service Co-operatives than they would have to when they deal with co-operative farming societies.

III

But it is argued that organization of agriculture on a large scale under a single management will increase employment opportunities and hence income. Employment opportunities can be increased if agricultural activities are diversified through the development of subsidiary occupations like horticulture, dairying, poultry, bee-keeping, etc. and if long-term land improvements like construction of irrigation works, wells etc. are undertaken. But it is wrongly assumed that such activities can be undertaken only if agriculture is brought under co-operative farming.

It is true that there is large scope in our rural areas for diversification of agricultural activities. It is not true, however, to say that it was obstructed by the family farming system. Why did poultry and dairy farming not develop as subsidiary occupations in many parts of the country? It was because of the absence of urban demand, lack of marketing organizations and quick transport facilities and lack of knowledge, that is, the absence of infra-social structure, and not because peasant family is incapable of developing these things. In villages surrounding a city or a town we find generally these subsidiary occupations developing, while in the areas far from such markets these have been developed only for home consumption. Poultry and duck-keeping has come to be developed in areas close to railway stations since 1914 because demand developed from the military and later marketing facilities came to be organised. Similarly, dairy farming has arisen all around our towns. There is a great rush from peasants to get "key-village centres" providing artificial insemination facilities for cattle to be stationed in their villages. If they are not developed in some places, where there is plenty of scope, there is a need for multi-purpose co-operatives to be organized to advance credit, to teach better methods of dairying, poultry keeping etc. and to arrange for transport and marketing. Such co-operatives voluntarily formed by individual farmers are the best means of developing such subsidiary rural industries, because there is nothing to prevent a small farmer taking to these subsidiary activities once they are proved to be useful to them. On the other hand, personal interest which is forthcoming so spontaneously from family farming is highly conducive to the development of such subsidiary activities. This is abundantly proved not only in some foreign countries with peasant economies like Norway, Denmark, Switzerland, Japan etc.

but also in our own country. The co-operative movement has so far made some progress in this direction but such achievements as there were have abundantly proved that individual farmers are as keen on improving these occupations provided all needed facilities are made available either by Government or by their own co-operatives. The Kaira District Milk Producers' Union Ltd., Anand, and Madras Milk Co-operative Union are, for example, doing very fine work and are progressing well, thanks to their advantageous location close to big cities, Bombay and Madras. Even in such villages as Nidubrolu, local peasants have formed their Milk-Supply Co-operatives. Same is true with the co-operatives organised in hand-spinning, weaving and small-scale handicrafts and industries which had made rapid progress during the First Five Year Plan with the initial help provided by the Governments. But all these co-operatives of the cottage workers take care not to encroach upon the family unit's freedom to arrange and execute its own plan of work and ownership and utilization of implements and work in its own home. In fact these co-operatives seek to supplement but not to replace the artisans, or deny the economic freedom of artisans. The individual farmer can prove to be the best unit for the developl ment of all these processes of diversification of agricultura- occupations if the necessary congenial environmental conditions are made available to him. The development of marketing or multi-purpose co-operatives is the first step towards the widespread development of such subsidiary activities in agriculture. Their absence should not create a feeling that individual farming is either blameworthy or inherently incapable of their development, because as in the case of medium-scale, large-scale industries, in these spheres too India's backward social economy and police-minded State were responsible for our general economic under-development.

IV

There are, no doubt, some land improvements that can be initially made only collectively. An individual would not be in a position to undertake them singly for his holding. Any big undertaking which will benefit all or most of the individual farmers in the concerned area such as minor irrigation works, construction and repair of tanks etc. can be organised under co-operative auspices. All these works are not regular features of agriculture but are only intermittant activities. Most of such works are being undertaken by the States and some of the long-term improvements in land are made possible to the individual farmers through the supply of long-term loans by the

Land Mortgage Banks. In some cases such *ad hoc* co-operative activities are even now being organized by local peasants whenever the need arises. Indeed, many peasants have come forward in almost all States under the influence of Gandhian Workers Kisan Sammelan, N.E.S. and B.S.S., to organise local co-operative efforts to provide themselves with communal wells, tanks, roads, culverts etc. etc. There is certainly scope for many more improvements and also for the organisation of co-operatives to undertake such works. But this does not necessitate the abolition of individual family farming. What is required in this connection is the nurturing of co-operative spirit among our farmers. If this spirit of co-operation is absent, mere abolition of family farming and its replacement by co-operative farming can achieve nothing.

There are, however, certain agricultural activities which are the regular features in the internal (farming) activities of agriculture in some parts which have to be undertaken only collectively. These activities are part and parcel of internal agriculture. Individual farmers are unable to undertake them. If by any chance they undertake them they find the cost prohibitive. In the absence of a co-operative venture, these activities are not generally undertaken and to that extent agricultural efficiency and productivity do suffer. For instance, there are some power-driven agricultural machines, tools and implements which can replace draught animals but not human labour. These can be introduced in our agriculture with advantage. In dry areas, again, supply of water by mechanical means can be the most important asset of agricultural improvement. Sinking of tubewells to supplement insufficient canal water or to get new areas irrigated is in many cases the most urgent and effective measure for progressive farming. Moreover, the use of fertilizers largely depends on sufficient water supply, as can be obtained from a minor or major irrigation work. Small holders cannot implement these programmes. And there are also certain things that are to be planned collectively if the agricultural yields are to be maximised. If the cultivators in a section of the village could agree to cultivate contiguous fields with the same crop and to follow a common crop rotation, larger blocks would be growing the same crop. A common crop rotation and unification of the cropping scheme in whole sections of village area, would not only facilitate the use of machinery but would also economise the use of water in irrigated areas, as well as simplify pest control and watch and ward. Again, planning for progressive and improved farming will be very useful. Just as planning is done at a national level for a specific objective, so also we need to plan for long-term agricultural improvements by determining the investments and

phases and priorities of different improvements. Thus, we find certain activities of farming, just as we find in the case of mechanized farming, which can be efficiently performed collectively. Hence, these can and must be undertaken co-operatively, assisted by the Government.

But these operations are few in number and not so intimately connected with the daily activities of peasants's cultivation when compared to the other farming operations which can best be carried on by individual family farms. Therefore, to undertake these few activities co-operatively, one need not co-operativise the whole gamut of farming which implies pooling of lands and disappearance of family farming. Any such wholesale transformation of agriculture, if it yields some meagre gains, would surely destroy the manifold economic and social virtues of family farming. Indeed so much would come to be destroyed in the vain effort of trying to give these few advantages that the balance sheet would deter any but thoughtless enthusiasts from such a venture. The best alternative in this matter is to develop a co-operative organization for agriculturists in each village like better farming societies or Farm Service Co-operatives which will exclusively deal with these collective activities of farming which would include, besides others, the farm planning, consolidation of holdings and establishment of systematic farming units. Here the peasant need not pool his land and sell himself to a collective entity but shall at the same time reap the benefits of collective activities. Even multi-purpose societies might be entrusted with these functions provided their members are exclusively agriculturists. A good amount of the nature and functions of such co-operatives is best given by Dr. Otto Schiller, a German expert on co-operative farming in his book "The Co-operative Farming and Individual Farming on Co-operative Lines", published by the All India Co-operative Union.

All the economic advantages expected to emanate from the replacement of family farming by co-operative farming can thus accrue to the family farming itself if only effective spirit of co-operation is engendered among agriculturists and Service Co-operatives are organised to serve and co-ordinate their production activities. It is, therefore, the degree and nature of co-operation prevalent among free and independent peasants, and not the system of farming that determine the degree of agricultural efficiency. If there is sufficient co-operative co-ordination, farming will be more efficient. If there is no such co-operative co-ordination among agriculturists, it will be less efficient irrespective of whether it is individual farming or co-operative farming.

V

The present difficulties in Indian agriculture must be ultimately traced to the lack of this effective co-operative organisation among our peasantry. This can be clearly seen if one assesses the co-operative movement at its present stage. After its 50 years of development it is confined mainly to co-operative credit and even at that it supplies only 3.1 per cent of the total credit requirements of our agriculturists. Most of this is utilized either for repaying old debts or for financing current consumption. The development of co-operatives in non-credit spheres is at its initial stages. It is these hard facts that made the Committee of Direction, Rural Credit Survey Report come to the inescapable conclusion that co-operative movement has failed to meet the challenge of the times.

Is family farming, based on peasant proprietorship, responsible for retarding the healthy growth of co-operative movement in agricultural sphere? Certainly not. So far nobody dared say that, nor could anybody rationally justify that view. Because it is in the predominantly peasant countries that co-operation is found to have developed to its utmost. Can any country beat Denmark or Switzerland in the degree of co-operative practice? Most of the co-operative effort that has come to take roots in India has been in evidence only among peasants, though it is confined mostly to co-operative credit. In fact, the demands of peasants to register their co-operative societies have come to be turned down or discouraged by State Governments and their bureaucracies. Anyone, who studies carefully the history of Indian co-operative movement will be able to see why it has not made the progress which could have been expected of it. The reasons are quite fundamental and they had been clearly stated by the Committee of Direction, an expert body appointed by the Reserve Bank of India, which had the opportunity of thoroughly studying the Indian Co-operative Movement in preparing its All India Rural Credit Survey Report. We give the following extracts from that Report (Vol. II) to indicate these fundamental causes for this snail-slow progress :

"Indeed, it might not be wholly impermissible to detect a certain degree of truth in a description we have come across of Co-operation in this country as 'a plant held in position with both hands by Government since its roots refuse to enter the soil'. More than the roots of Co-operation, it is the tentacles of private economy that have acquired grip in rural India.

"The not-so-strong can combine co-operatively and get the same advantages as the strong. But the very weak are not in the same position as the not-so-strong; certainly not if the

strong have, in addition, a whole reservoir of institutional strength from which they can add immeasurably to their own. This disproportion provides a key to the wholly different records of co-operative credit in the West and in India; for, Co-operation can succeed only if, between the forces of co-operation on the one hand and the opposing forces of private credit and private trade on the other, the disparity that ever tends to be present does not exceed certain reasonable bounds. In India, not only has there been too wide a disparity between the internal strength of the co-operative structure and the external forces pitched against it in competition; these latter have in many insidious ways entered into and vitiated the internal cohesion of co-operative bodies themselves." (p. 274)

"For several decades there continued to operate, as there still operates, a mechanism of trade, finance, etc. the working of which has, by and large, been consciously or unconsciously against the interests of the rural population generally and the rural producer in particular. The resulting conflict may be very broadly described as between the 'urban' interests which had now established themselves and the 'rural' interests which had always existed. The new pattern was such that the access to seats of power and sources of finance was largely cut off from the weaker sections that formed the bulk of the rural population. The location of both power and finance continues to be largely 'urban' and the institutions so located tend inevitably to be urban minded in the sense that their directors and executives respond much more readily to urban than to rural interests. The urban-mindedness is not confined to private institutions of finance; it usually also extends to the more significant institutions of the State and to the headquarters and sub-headquarters of the administrations of the different Governments. To these seats of power and sources of finance, public and private, is established a chain of contact, influence and, where relevant, financial inter-relation. At the far end of the chain, that is to say the village, are the village leaders, such as panchayatdar and patel, who occupy the local seats of power, and the village financiers such as money-lender and trader who are the local sources of finance. In view of their being part of the channel of power and finance, they are also the recipients of power and finance from sources and reservoirs higher up the channel. Sometimes two or more of these—the village leader, the village lender and the village trader—are one and the same person; and a broad affinity governs their attitudes towards the rest even where there is more than one leader, more than one lender and more than one trader." (p. 276)

"The persons who suffer in this process are the weaker and disadvantaged elements of the village for whose benefit

the directives and policies are conceived. Among the combinations of factors which thus operate against the interests of the bulk of those who reside in the village is the rigidity of caste feeling in conjunction with the power derived from money, land, leadership, and above all the affiliation with the superior forces of urban economy. The rigidity of caste loyalty remains, while the original division of caste functions no longer does. The result is that the landlord who may also be money-lender, the money-lender who may also be trader and the educated person who may also be subordinate official, all these through their association with the outside urban world of finance and power wield an influence in the village which at many points is diverted from the good of the village to the benefit of the caste or even of a close circle of relatives." (p. 278)

"It is within a socio-economic structure so distorted by this combination of events and forces as to present a grave disparity within the village itself and an equally grave disparity between the village on the one hand and the town and the city on the other, that the co-operative effort to develop credit has hitherto taken place in India". (p. 278)

"The failure of co-operative credit is explicable in terms of the total impracticability of any attempt to combine the very weak in competition with the very strong and expect them by themselves to creat conditions, firstly for their emancipation from the interests which oppose them, and secondly for their social and economic development in the context of the severe disadvantages historically imposed on them by a structure of the type described. The problem is not so much one of reorganisation of co-operative credit as of the creation of new conditions in which it can operate effectively and for the benefit of the weaker. The prevailing conditions cannot be transformed by the very persons who are oppressed and rendered weak by their existence. The forces of transformation have to be at least as powerful as those which are sought to be counteracted." (p. 279)

It is to create these proper conditions and atmosphere in which co-operation can flourish that various recommendations are made in the Rural Credit Survey Report and targets to implement those recommendations are set forth in the Second Five Year Plan. While land reforms like ceilings on large land holdings and tenancy legislation are expected to create a homogeneity of interests among agriculturists, the policies that are being adopted regarding co-operatives by the Government like State partnership in the share capital of co-operatives at various levels, the linkage of credit to

production and marketing, etc. are expected to strengthen co-operatives to overcome the vested interests and ensure the rapid growth of co-operatives in all spheres. The National Co-operative Development and Warehousing Board was established and the separate Ministry for Co-operation was created to take the responsibility of implementing these policies. We hardly allowed any time to implement these schemes which are expected to put the co-operative movement on sound lines nor can we claim to be successful in this sphere in the face of the growing limitations and drawbacks that we are experiencing in the implementation of such schemes. Once these schemes are made successful all the advantages expected of co-operative farming will automatically accrue to our agriculture. Yet without waiting to see this success our planners hasten to take up co-operative farming, obviously a much more complicated type of co-operative organisation, completely oblivious of the fundamental canon of priorities. Our planners have, therefore, to make up their minds whether they want co-operative farming as complementary to the existing co-operatives like credit, marketing or multi-purpose co-operatives or whether they find it a better substitute to them. As we have shown already the best complementary co-operative in the field of farming is the Farm Service Co-operatives or Better Farming Societies which have the ability to confer on the peasants all the benefits expected of co-operative farming without encroaching on their freedom and self-employed status. They will also attend to the increasingly complex relations in which each one of them is being placed by the planned economy with administration and other sections of society. They will give him full liberty and opportunities to concentrate all his creating, organising and toiling energies upon the management, and utilisation of his small farm and family labour. If our planners wish to achieve co-operative farming entirely as an alternative to both peasant family farming and their Service Co-operatives, they would be persuing a doctrinaire policy of complete nationalisation of land, collectivisation of farming and proletarianisation of peasantry and handing over the whole rural economy to the domination of the new class of privilegentsia and its core, the irresponsible bureaucracy.

VI

Again co-operative farming is envisaged also from broader considerations of a planned economy. Economic development is the urgent need of our under-developed country and we desire to achieve it through conscious planning. Such

planning would be real and effective only when the planning authority has the power to control and regulate at least the strategic points of the economy. Agriculture will have to play an important role in such a planned economic development since the agricultural surpluses form the very foundation on which the edifice of development is to be built in our under-developed country. Again, more than 70 per cent of our population is dependent on agriculture, carrying on their productive activities individually without any co-ordination. As long as agricultural production is carried on purely on individual basis, State would find no scope to guide and regulate the agricultural sector in accordance with the requirements of planning. Unless some mechanism exists to influence and direct the production activities of this majority of population, it will not be possible to plan the economic development of the country. Hence the necessity of some organisational set-up for agriculturists through which the planning programmes could be implemented. And it is argued that the replacement of peasant family farming by co-operative farming is a necessary condition for any effective planning.

There is no dispute over the fact that we need planned economy and that our agriculturists be brought into an organisation. What is disputable is the nature of organisation that we should envisage for agriculturists to meet the requirements of our democratic planning as contrasted with the physical planning of the collectivist economies.

What are the requirements of democratic planning that the agricultural sector has to satisfy and which is the better organisation that can best perform such requirement? We confidently hold the view that co-operatives organised voluntarily to aid production by the individual members in agriculture will better serve the purpose and objectives of our democratic planning than the co-operatives organised for production itself.

To have the power to control and determine the quantity of total production of different products and to mobilise and expand the marketable surplus in agriculture are the main functions that the planning system is expected to perform in developing under-developed economy like ours.

How do we plan for the quantum of agricultural production? Here we must be aware of the fundamental distinction between agriculture and industry which is often ignored because of the sentimental importance attached to "planning". Firstly, production cannot be planned rigidly in the sphere of agriculture since it is based on Nature which

cannot be controlled and planned. The inputs will have no necessary correlation to output in agriculture and hence the planned decisions in inputs will not achieve planned results in output, as in the case of industry. Secondly, agricultural production is not as elastic as industrial production. The industrial production is always dependent on the demand which is flexible. Also the nature of its products is such that the supply can be made to adjust and influence demand. Industrialists, whose aim is only profit, will, therefore, restrict the supply in order to get more profits and influence the demand by the differentiation of products. The existence of the monopolistic practices in industry will, therefore, ultimately result in restricted supplies, unutilised capacity and other wastes. These can be avoided only if these industries are made to follow some planned production programmes. No such conditions are found in agricultural sphere. In the under-developed countries, like ours, the demand for and supplies of agricultural products, especially food grains, are more or less inelastic in the shortrun, since they form the staple food for all the consumers and since in India agriculture is based on small holdings, no one can have monopolistic influence and control on the supply or the demand. Hence, we fail to find in agriculture the same significance of planning as attached to the sphere of industry.

The significance of planning in the agricultural sector is, therefore, entirely different from that of industrial sector. The main objective of planning regarding agriculture, at any rate, in the under-developed economy like India is the effective mobilisation of agricultural surpluses and to increase and direct agricultural production.

The marketable surplus can be fully controlled and mobilised at given production and consumption standards of agriculturists if middlemen between the producers and consumers are eliminated and if conditions are created under which the producers will automatically market their produce beyond their requirements. Once the agricultural producers dispose of their marketable surplus automatically after harvesting, the total surplus can be effectively mobilised for social benefit. This will become easy only when the planning authority has an effective overall control, and the directing power over the marketing and processing system. In the absence of such power, middlemen will seize the opportunity to dominate and control the marketing and distribution system for their own advantage and to the detriment of producers and consumers as well, and thereby make the system so anarchic and uncontrollable with the result that planning becomes ineffective and ridiculous. The middlemen exploit the producers by

taking advantage of their weak staying power and bargaining capacity and exploit consumers by controlling the supplies of products of inelastic demand in such a way as to make maximum possible profits. The fluctuations in prices of these primary products is thus both a result and a cause of such process of exploitation. These price fluctuations, in turn discourage the agriculturists, in marketing their surplus products. So they are not generally keen on growing subsidiary crops or to avoid wastage of various farm products. Hence, all the agricultural surplus will not come to the market and whatever surpluses come to the market will remain in the hands of these middlemen who always hold these stocks to control the market in their own interest. Middleman's function in this respect is closely akin to the role of a monopolistic industrialist. The sort of significance of planning found in the industrial sphere in an industrially advanced country can be found to prevail only in the case of middlemen in the agricultural sphere of the under-developed countries. Hence, the controlling and directing hand of the planner must be extended to this middleman and trader but not to the agriculturist.

The development of efficient marketing co-operatives among agriculturists, and consumer co-operatives among consumers will definitely curb the importance of these middlemen, and ultimately eliminate them. Once such co-operatives are developed and artificial factors that create instability in the prices are checked, agriculturists would find the best incentives not to hold their small pools of surpluses with them, and will be encouraged to avoid waste or uneconomical uses of their various joint products and subsidiary resources. They will be induced to maximise diversification and production and preservation of their produce. The integrated schemes of co-operative credit and marketing will go a long way in eliminating middlemen and also in removing the differences of staying power among agriculturists. This can be done by linking the co-operative credit with production, marketing and warehousing. The peasant who can get sufficient credit on his produce will never keep his surplus produce with him. The maintenance of minimum and maximum prices and the integrated price structure by the Government will certainly stabilse the prices of agricultural products at any particular time. Thus, once the conditions are created in which the individual farmer will be encouraged automatically to market his surplus products, mobilisation of these surpluses will be automatically done by the peasants' Service Co-operatives themselves. And those Service Co-operatives can be properly controlled and

directed by the central planning authority due to the State participation in the share capital of these co-operatives. We can welcome such State participation only to make such planning effective. Their mobilisation through co-operative farming societies, without creating such conditions would be tantamount to forcible physical procurement.

Given that mechanism which collects all the surpluses of individual farmers, the marketable surplus which is very essential for the economic development can be best increased within the institutional structure of peasant family farming since production will be maximised and wasteful diversion of food grains for other purposes can be minimised by individual owner-cultivated peasants provided they are supported by the multi-purpose or Service Co-operatives.

But it may be contended by some of our planners that the purpose of planning in the under-developed countries is not merely of control and regulation but also one of direction. If the whole agriculture is based on such individual basis, how can the planning authority influence and direct the individual decisions and activities? That there is such a need, however, cannot be ignored in a planned economy. But two things must be remembered before providing for such a need in toto.

Firstly, our agriculture is not based on individual farming of a capitalistic type but on the system of peasant family farming. To the peasant, land is not a marketable commodity but a traditional source of employment and a way of living. He is the owner of his holding but his ownership is related to the socially desirable function he performs. Such conception of peasant family farming does not exclude the proper guidance and regulation by the State if it is so desired by way of social interest. Many decisions of agriculturists could be influenced by the State indirectly, without issuing any direct orders. The manipulation of prices, the use of discretionary incentives, the regulation of agricultural activities through farm supplies are the best instruments by which many decisions of the agriculturists can be influenced and directed, because we need to direct only broad trends in agriculture and need not interfere in everyday activities of agricultural production.

Beyond such directions dictated by the social needs, why should the individual agriculturist be expected to accept the decisions and dictates of the planning authority as sacrosanct? The planners might very well think that if a machanism exists whereby all individual farmers are bound to abide by and implement the decisions and targets fixed by them, the

planning system will be effective and the rate of economic development will be rapid. Then, for whom this development is intended? Is the planning intended for people or people intended for planning? If the planning system and planned national development are intended for the welfare of the people, why should it be developed at the expense of the freedom and personality of the individuals? Should the people be asked to behave and work just like slaves merely to get the marginal increase in the national income? After all, at each stage of planning we should assess whether the additional target is worth the cost. This cost should not be viewed merely from economic angle. It should also be so estimated as to comprehend the social cost. It is exactly here that we come to find the limitations of planning beyond a certain point. Peasants can be expected to impose upon themselves certain restraints as far as the broad social interests demand but beyond a point they are also obliged to measure and compare the disutility they incur against the additional utility that the society will get. Almost all the planned requirements in agricultural sector can be realised by various indirect means without disturbing the main fundamental essence of the system of family farming. Beyond that, planning should necessarily depend on the local leadership to enthuse people to work more hard, employ better techniques and produce more and thus reach the planned targets. In the absence of such local leadership, if the planned economy comes to disturb or destroy the main non-economic but more precious social wealth of the individual farmer, the normal development through democratic means is preferable to the rapid development through physical planning. Because man is born not merely to eat well but also to live well and be happy, there is no justification to disturb the peasant family farming in the name of development. On the other hand, it is a natural necessity for democratic planning since the independent peasantry will come to play the role of hiffers and reservoirs of democracy and become the shock-absorbers of the planning authority and protect the society from dangers of totalitarianism.

That our planners failed to follow such democratic perspective in their planning can be clearly seen not only from their attitude towards co-operative farming but also from the targets they had fixed for and the manner of implementation they are following in the case of other co-operatives. No less a man than Sir Malcolam Darling, K.C.I.E., who was requested to report on the co-operative developments in the capacity of a consultant to the Planning Commission, Government of India, had to admit and warn against

these undemocratic trends. He wrote in his "Report on certain aspects of co-operative movement in India": "I found many disposed to regard the targets under the plan as aims to be achieved at all costs. It was almost as if they thought the peasant had been made for the target and not the target for the peasant. This is a tendency very much to be guarded against at all levels, if the new structure is to be built on sound lines." (p. 2)

VII

Thus, it is clear that almost all the benefits that our planners wish to derive from co-operative farming will be obtained in a better manner through Farm Service Co-operatives of the self-employed peasantry. Perhaps, there might be available some marginal economic advantages in co-operative farming which are not available in Farm Service Co-operatives. But such marginal advantages should be viewed against the loss of non-economic wealth likely to result from the replacement of peasant family farming by co-operative farming. What we, therefore, require in our agriculture is Farm Service Co-operatives and not co-operative farming societies.

For a progressive efficient agriculture, both peasant proprietorship and peasant co-operatives are indispensable in an equal measure. While a preponderant majority of agricultural activities are best performed in the institutional climate of peasant proprietorship, a number of really important operations demand the organisation of co-operatives. The relation between peasant proprietorship and peasant co-operatives is not one of mutual exclusion but of interpenetration and mutual support. Each of them is a necessary condition of the other and both constitute the institutional desiderata for maximum agricultural efficiency. The abolition of peasant proprietorship will destroy the very essential personal interest, the best input of the agricultural production and cause the disappearance of socio-economic virtues like the freedom and independence resulting from the sense of ownership, self-employment and security of employment and independent living leading ultimately to agricultural inefficiency and social unhappiness. Inefficiency and stagnation of agriculture will be the result if the peasantry are not aided by the Service Co-operatives as stated above, since they will continue to be helpless in the absence of essential supplies, credit and marketing and processing facilities and other aids.

The logic of the relation between peasant proprietorship and peasant co-operatives is particularly vivid and compelling

in the case of under-developed countries where the limited land has to maintain their over-populations and where the saving potential of the agriculturists is almost nil. Again the dynamics of development of our under-developed country strongly militates against peasants who are unsupported by co-operatives, as the agricultural production is the foundation rock on which the developmental edifice is built. On the other hand it would be equally strongly emphasized that a healthy co-operative movement itself draws its strength from and perishes without, a free vigorous and democratic peasantry. For, who else would give to the co-operative movement that flavour of free voluntary union? And is it not a fact that co-operation deprived of voluntariness is a self-contradiction? Hence, it is in the interest of peasants that co-operative movement should be developed and strengthened while it is in the interests of co-operative movement that peasant should be made to survive, develop and prosper.

Indeed, their relationship with each other has a striking analogy with that between democracy and planning in a similar context *i.e.*, the economy of a developing under-developed country. Democracy like peasant proprietorship, is socio-economic institution of permanent value to be cherished for ever but it cannot survive in the absence of planning in half-starved under-developed countries. Planning too, if not based on democratic institutions, will be self-defeating in the long run, as the vitally necessary popular participation and co-operation would then be lacking. It must, therefore, be realized that the owner-cultivated peasant family farming, aided by co-operatives is the best system for our agriculture as the planned democracy is for our country.

CHAPTER IX

PRACTICABILITY AND PROBABLE IMPACT

So far, we have been discussing the absolute merits and demerits of peasant and co-operative farming systems from a theoretical stand-point to show which is the better system in the context of our objective. But we should look at the problem also from practical considerations. Because, the problem is not to find out which system of farming increases the marginal product or reduces the marginal cost under its respective ideal conditions. In our context we are not merely to choose one system out of the two to be practised and followed anew but have to transform the one into the other. When countries had to try a new system in the vacuum created in the wake of downfall of feudal system, practical considerations played relatively a negligible part in the final decision. Obviously, we do not face any such situation. On the other hand, the predominant part of Indian agriculture has been based all the time on the owner-cultivated peasant family farming and with the recent legislation regarding abolition of zamindaries, tenancy system and ceilings on holdings, almost all the agricultural sector is rapidly coming to be based on such peasant economy.

Now, if we are to switch over from this system of peasant family farming to the system of co-operative farming, the practical aspect of the problem should be given sufficient and necessary attention lest our plans should come to prove as mere utopia. It is so because the Indian peasant had all the time been traditionally enjoying certain rights on his own land and the resultant self-employment status and other concomitant freedoms, and, moreover, he had been habituated to the mode of life of his institutional environment. The mode of their conduct, the traditions they follow, the sense of values they exhibit and accept, their relations with the members of their family and with the society in general and their emotional and psychological set-up—all these are mostly the products of their system of family farming. Once we disturb and replace the system of their farming, we will also be disturbing all other things attached to their system. The social, psychological and economic repercussions that result from such disturbance need be properly guessed and assessed before any final decision is taken.

Such need is much more clear and conspicuous in the case of co-operative farming. Because if we are out for co-operative farming only to achieve a social or philosophic aim just like

the abolition of caste system, the economic costs involved in the transformation need not be given much importance. Since we are undertaking this venture mostly for economic benefits *i.e.* increase in production and reduction in cost, the economic cost involved in such a transformation should be necessarily taken into account.

The practical implications of the proposal of co-operative farming will depend on two questions :

1. Will the peasants voluntarily pool their lands and willingly transfer themselves into a managerial society? and

2. If such pooling of lands cannot be brought about voluntarily, will the co-operative farming obtain the expected economic results *i.e.* more economies and more production?

People may differ in their answers as subjective judgments are bound to creep into this context. But one would be certainly wrong if one arrives at a conclusion on a theoretical premises, without basing one's judgment on the past and present experience and without trying to understand the actual mind of the peasantry in India.

II

Let us take up the first question. Could the Indian peasant be expected to pool his land voluntarily and accept collective management? Let us not look at this question from the point of view of desirability or undesirability. We have only to assess objectively its practicability. We believe that such an expectation is not only a wishful thinking but also exposes our gross ignorance about the peasantry. Nothing would be gained by ignoring a hard fundamental fact—irrespective of our liking—that the peasant had come to take his piece of land not as a mere economic factor of production in the Marshallian sense but as a living inseparable entity. The attachment towards his own plot of land and the sense of freedom and independence resulting from his self-employment status are so strong in our peasants that it would not be an exaggeration to say that he prefers poverty to the separation of his piece of land from him. A few instances will reveal this truth. It is a common phenomenon among peasant families that brothers of the same family separate from one another even long before the head of the family expires. Too much fragmentation of Indian holdings is partly a result of this tendency. Their attachment to land is so great that they would not care to consolidate the scattered uneconomic tiny units even after knowing the obvious economic advantages. The practical difficulties we are facing in implementing the policy of consolidation of holdings in different

States clearly testify this. We come across many instances where a peasant is not prepared to leave his traditional and hereditary holding even when he is offered a bigger holding which yields more income. Disputes and murders over boundaries of land are not unknown between brothers and cousins in this country. Of course, such extreme attitudes are certainly unhealthy and are against the sound principles of good business. But the hard fact cannot be ignored. As Mr. Charan Singh rightly puts it, "Human nature being what it is, even brothers of the same mother usually separate from one another after the head of the family, the father, has been removed by death or other cause. In the circumstances, it is utopian to expect that an average householder will, all of a sudden, indentify his interest with the interest of those hundreds of persons in the village or neighbourhood, who were total strangers to his life hitherto."[1] One might find fault with us for expressing a subjective judgment but one has yet to show the objective proof for one's conviction.

Firstly, there is no objective proof from the past experience anywhere that tends to justify us to believe that the peasants, who had been traditionally enjoying peasant proprietorship, had voluntarily pooled their lands and resources to reap the economic and social benefits. We do not come across any such instances in the past and present history. In the Scandinavian and other continental countries where co-operative movement is highly developed both in spirit and practice, particularly among farmers, no system of co-operative farming is practised or liked. Ake Gullander, himself a poineer in co-operative movement in Swedan writes: "In innumerable writings and lectures, I have been advocating co-operation of farmers—but I never went so far as to recommend collective farming which is co-operation at its extreme. This may sound irrational and perhaps I cannot defend my position in a logical way. It may be a question more of feeling than of sense—but I am happy to feel that most of my country-men and probably most European farmers agree with me."[2] Our own experience in co-operative farming, with all the encouragement given to it for the last ten years, does not so far justify the belief of our planners. Almost all the existing co-operative farming societies were organised either on the newly reclaimed regions or Governmental lands either by the landless agricultural labour or by some other non-peasant population. This can be clearly seen if one takes the trouble of going through the administrative reports of co-operative departments of different

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1. Charan Singh, Revenue Minister, U.P.—"Whither Co-operative Farming", p. 108.
2. Ake Gullander, "Farmers' Co-operatives in Swedan"—1948.

States. Hardly do we find any instance of the traditional peasantry pooling their lands for the sake of economies of scale. In the communist countries, as everyone admits, collectivisation of agriculture was not brought about through the voluntary pooling of lands. The latest tendency towards depooling of land and its re-distribution among individual peasants in some communist countries clearly testifies this truth.

Secondly, we fail to find any objective proof of clear benefits accruing from such system of co-operative farming. Of course, we may go on narrating the classical principles of economies of scale which are unexplicable and unintelligible not only to the simple uneducated peasants but also to those who look at things in a realistic way. As long as our preachings fail to convey any meaning to them in the light of their everyday experiences, they have every moral right to stick to their own traditional way of living. While the academicians are unable to free themselves from the coils of classical doctrines of economies of scale and refuse to project their minds into the very fundamental assumptions of these doctrines, there is no wonder if the simple innocent peasants are unable to free themselves from the grip of their own traditionalism and sentimentalism.

Thus, when there are no instances of such voluntary pooling of lands anywhere and where there are no definite and clear advantages accruing specially from the mere pooling of lands to convince the peasantry, how can we expect such a miracle like voluntary pooling of lands to happen on a national scale in India except through an involuntary manner?

III

Now, if such pooling of lands is to be brought about by involuntary means, it would have to be achieved either by force or by creating such conditions under which peasants will have no alternative except to bow down to the wishes of the State. Prime Minister Nehru repeatedly emphasises that co-operative farming should be organised strictly on voluntary wishes of the people and says that "we are encouraging agrarian co-operatives; but we are not thinking of collective farming."[1] Yet the Government is actually thinking in terms of introducing necessary element of coercion at some stage or the other in the name of social interests. The following extract from the speech of the Union Minister Mr. P. S. Deshmukh before the Co-operative Congress (April 1958) bears out this:

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1. *As quoted by V.V.R. Sarma in "The Future of the Small Farmer," p. 26.

"It is true that the voluntary aspect of co-operation should not be lost sight of and must be regarded as of great value in building up the co-operative structure; but voluntarism in a social order has a different concept in a society like ours, where in the larger interests of the community, the State attempts to regulate the condition of life and work of individuals in order to promote a common weal."

Our problem is : Are we capable of doing that? Is it within our competency to do?

To think that we can do it in India because the communist countries could do it, is to ignore deliberately the fundamental distinction between the two systems of democracy and dictatorship and the different circumstances under which those countries could do it. All those countries which brought about collectivisation on a national scale are practising totalitarian systems and the power of the State in such system is used to suppress the independent peasantry. Again, their historical circumstances placed them in such a position of irresponsibility that they could use all methods from outright political trickery to physical force in bringing about this process. Firstly, this collectivisation was undertaken immediately after the socio-economic revolution which had overthrown the feudal and capitalistic dominance in agriculture. Before the revolution the peasantry were not allowed to develop and they were for all practical purposes more akin to the landless agricultural labourers than to the peasantry as we understand it. It was these half enslaved peasantry that revolted against their exploiters but unfortunately and coincidentally under the very leadership who had faith in the *a priori* doctrine of collectivisation. Thus, we see more or less an institutional vacuum in agriculture immediately after these revolutions.

All people were out to extinguish the powerful feudal lords and the extreme nature of this in the form of revolution made all people single minded and all other considerations were submerged by the fears of counter-revolution. The land was instantaneously distributed among all to artificially consolidate this spirit of national unity and to make the peasants blindly follow the leadership in the forthcoming collectivisation. The final result was plain. In the name of high-sounding ideal of national unity and socialism, the peasantry were diverted to a wrong path and were never allowed to enjoy fully the newly attained means of economic freedom. People who would not yield an inch in ordinary times would be easily trapped in the face of what might seem to be a dangerous national situation. The leadership could so easily

mislead the peasantry because of one party dictatorship. None had been given any opportunity to oppose or explain the merits and demerits of any system. To that extent, the leadership could effectively exploit the loyalties of the innocent, not very developed peasantry. Finally, the powerful State could easily out-weigh the power of the leaderless peasantry through mere force. Thus, the communist countries exploited the *esprit de corps* of the revolution; their monolethic leadership could afford to deceive people, and their State power could overcome the weak and developing peasantry.

But the later events proved that such success is only short-lived and temporary and natural forces did not allow such an artificial and reactionary process to continue. The present tendency of de-collectivisation of agriculture in Poland, Yugoslavia, etc. prove the utter failure of coercion over peasants and of collectivisation of land. *In the light of these developments, there is no reason to believe that the same thing will not happen to the communist China in future.*

Apart from these communist countries, we do not find any instance where such pooling of lands was brought about on a national scale either voluntarily or involuntarily.

Our problem is whether we are capable of effecting such pooling of lands even involuntarily. We all know that our historical background and circumstances and our institutional structure are entirely different from those of communist countries prevalent at the time of their revolutions. Firstly, our feudal structure is overthrown not by any violent revolution but by legislation. With the result the peasantry had been well developed and they completely tasted the essence of their institution and strongly and solidly extended their self-employment and ownership. Nor do we find our State power so unconsciously overwhelming since the whole machinery is based on democracy. Hence, the State's decision and its implementation will necessarily be conditioned by the democratic nature of our political structure. Again, we do not have imposed leadership here since the multiplicity of political parties is the natural result of our democracy. And there is already a sharp division regarding co-operative farming among the leaders. The Bharat Kisan Sammelan, a national peasants' organisation, had come out first with its proclamation of national campaign against co-operative farming. The Indian Co-operative Union had boldly come out with its publication "Some Critical Reflections on Co-operative Farming." The delegation sent by the National Planning Commission in July, 1956, to study the Agrarian Co-operatives in China came back with divided views on the subject, and its two important members, Mr. B.J. Patel,

Hony. General Secretary of the All India Co-operative Union and Mr. F.N. Rana, I.A.S., Registrar of Co-operative Societies, Bombay State had to come out with a strong minute of dissent. The ruling party itself is sharply divided on this issue. Above all of them stands the growing campaign by the peasants in the form of huge rallies, processions and demonstrations against the Governmental policy on co-operative farming. Under such circumstances, the use of force to bring about such a process, therefore, has to be ruled out in our context. To think otherwise is only to ignore or underestimate the strength of the peasantry as political and social force in our society.

IV

Now, let us assume that we somehow manipulate and bring about pooling of lands involuntarily. What will then be the economic impact of such transition? Will the economic benefits expected from co-operative farming really accrue to it if pooling of lands is brought about involuntarily?

The belief of our planners that it will certainly attain the economic benefits depends on their two implicit assumptions. They are that:

(*a*) Peasants who join co-operative farming by pooling their lands still continue to be stimulated by the same incentives as they do in the institutional structure of peasants proprietorship; and

(*b*) All landless agricultural labour who will become members of the co-operative farm will have the same natural incentives of a peasant proprietor and even more since the land becomes a common property.

Let us now assess as to how far these assumptions are true and if they are not true what will be the net result of the co-operative farming brought about in such a manner?

Among the present agricultural holdings, owner-cultivated holdings occupy a predominant position, being 64 per cent of total holdings. How do these great majority of peasantry react to the new status of member-employees of the co-operative and what is the impact of co-operative farming on them? Do they work so intensively and keep the same personal interest in the new set-up as they do in the present set-up?

The answers to these questions are to be realistic and to be based on the existing psychological set-up of the peasantry and not on the mere logical inference. After all, it is agreed that the peasant will perform longer hours of work, with greater interest on his own land compared to paid workers, without

necessarily relating his marginal work to the marginal returns. The main and fundamental incentive for him in this matter is the ownership of his plot of land—not the mere legal ownership but a functional ownership and self-employment. It is this psychological force resulting from the sense of ownership and economic freedom and self-employment that makes one not to feel the disutility of work which would otherwise be conspicuously present and be compensated by the material returns. It is these psychological factors which exalt a peasant's status, far above than that of a wage earner and give him all the moral stature and satisfaction that one derives from the pursuit of hobby which is so little affected by purely economic considerations. That means the disutility of work in this case is compensated by these non-economic incentives and satisfactions as arising out of a hobby. Once such natural non-monetary incentives are removed from them, the work expected of them will be necessarily related to monetary returns and every additional hour of work will be forthcoming only when it is paid for more than proportionately, because of growing disincentives.

Secondly, peasants have so far enjoyed and are habituated to enjoy the self-employed status and other freedoms and independence attached to the peasant proprietorship. In the new set-up of managerial system the peasants lose not only all these traditional freedoms but have to do manual work under bosses according to rules and regulations, because pooling of lands implies pooling of not merely lands as in the case of an industrial share but also of one's labour and resources. The value of this non-economic wealth like self-employment status is realised fully even by those people who live on the subsistance level of living. The landless hired labour, in the area surveyed, are seen preferring to hiring their labour on the basis of daily wages to converting themselves into annual hired labourers, although the total annual income resulting from the latter system is greater than that of the former. The same tendency is noticed in many instances of tenants in the area. Many landless labourers take small pieces of land on rent and they are paying rent on such a scale that most of such families—it is found after a close study—are getting less total income from this system of tenancy than they would have got if they hired their labour on the basis of annual wages. Although these people do not own the lands they cultivate, they do enjoy certain amount of freedom and independence in the matter of taking decisions, carrying on the cultivations etc. through their self-employment. That is, even landless worker pays a price to win for himself the self-employed status.

When such is the importance attached to these priceless enjoyments of ownership and self-employment even by

such people it becomes easier to realise that the case of the peasants who have been traditionally enjoying such status of self-employment and its related freedoms, is much stronger. The subjective disutility resulting from the loss of such status and the appearance of the anti-thetical system of bossism will have certainly its own impact on the quantity and quality of work to be put in by the peasants in the proposed system of co-operative farming. This is much more true due to the very nature of agricultural work—manual work. Those peasants who can afford to live on the dividends of their shares on land are, therefore, not likely to put in any manual work, and the other peasants who cannot live without work will work but without any personal interest.

The net result of such disincentives is the disappearance of personal interest and the creation of the necessary relation between the work and monetary returns. To extract the same work from the people more incentives are to be offered, with the result the proportion of the cost to product increases to a great extent. Due to the natural limitations of monetary incentives to extract or create a jealous personal interest, production is likely to fall down. Since we are not in a position either to offer increasing monetary returns or to provide equally effective non-economic incentives, the decrease in labour input is likely to lead to a conspicuous fall in per acre production in our labour-intensive agriculture.

Now, will this anticipated loss from the disappointed and dispossessed landed peasantry be likely to be more than compensated by more work and personal interest of the landless labour? Will the landless members of the co-operative farm compensate all the adverse impact from the peasantry and still leave sufficient net benefit as to justify the nation to take the risk of transition? It is implicitly assumed that landless labour would be converted into landed peasantry in co-operative farming and thereby attain the same natural incentives, since the land, now belonging to the great majority, will come to belong to all and the distinction between landed and landless is expected to disappear.

The assumption is more idealistic than realistic. We must not forget that the main incentives of landed peasantry working with so much interest, irrespective of monetary returns, result from the ownership of their own specific holding, self-employment status and the freedoms and independence attached to the ownership of land and do not merely emanate from the fact that others do not own the land. The landless labour, therefore, get such natural incentives only when such peasant proprietorship and self-employment status is conferred on them. Obviously, co-operative farming will not provide such non-economic

incentives. Because they have to still hire out their labour to the co-operative, work under somebody and work for money only, although it is done under a different name. After all, common property is treated as nobody's property, although in theory it is everybody's also. As long as a person works for money, it matters little to him whether the property on which he works is public or private. Of course, it makes much difference between one's working under a feudal lord with a feudal mind and temperament uncontrolled by anyone and under an official supervisor of Government, with all the regulations and securities to the employees. The same difference holds good between one's working under an officer of a totalitarian Government whose will is law in practice and under the guidance of a peasant proprietor where exploitation of hired labour finds so little or no scope. In such extreme systems, the switch over of work from one system to the other will definitely create some additional incentives—irrespective of the type of property. But since such incentives are purely negative, their nature is bound to be temporary. In our context, they are, therefore, uncomparables. What we have to compare is the difference in incentives between one's work in private and public properties, when the minimum of regulations and securities regarding hired labour are applied to both properties? We have increasing number of people in public services and still find no greater efficiency or better service from them. In some cases, the contrary is true. Such incentives, therefore, depend on the conditions of work and of treatment, and not on the fact whether the property is private or public. Even in the private sector, the labourer feels more incentives under his peasant-master who engages only one or two such labourers and maintains constant personal contacts rather than in the system of large-scale management of industry. Hence, merely converting the land into public or co-operative property creates no additional incentives in the landless labourers. Therefore, the only psychological happiness that landless labour might feel with the advent of co-operative farming is rather negative and purely temporary, *i.e.* the happiness resulting from the peasant's loss of privileges like self-employment status etc. But such happiness resulting from someone else's loss will not create any incentives to work more and be efficient. Nor such happiness is worth encouraging.

Nor are they likely to get more economic incentives in the system of co-operative farming. As we have already seen, no producer's surplus would remain up to medium sized holdings once the family labour is remunerated. And larger holdings are being eliminated by legislation by imposing ceilings. When holdings are distributed equitably, the per capita income of a labourer is not likely to be changed as long as this land-man

ratio remains constant and as long as the per acre production does not increase. And we have already seen that production will be more in peasant farming than in co-operative farming. To expect, therefore, the landless labour to get more wages simply because there is new but more costly mechanism to control and direct the agricultural income is based on misunderstanding of agricultural facts. On the other hand, these returns are likely to be less due to two reasons: Firstly, much of the income which was hitherto going as wages and income of agricultural workers and peasants will go into the account of administrative costs. Co-operative farming necessarily involves the appointment of many supervisors, managers, auditors, accountants etc. who are to be paid on a much more liberal scale than even upper-middle class peasants. This is the additional cost that is to be incurred when we convert natural organisation—peasant family farming—into an artificial organisation of co-operative farming. In the system of collective farming in Russia, 41 per cent of the costs of a farm is reported to have been incurred on administration and management. Secondly, with the probable decrease in savings and increase in expenditure among the peasantry, the co-operative farming itself has to create savings from its own production which would otherwise have gone to individuals in the form of either wages or income. Thus, the administrative costs and forced savings will not allow the system of co-operative farming to increase the wages of their members. Hence, in all respects, landless labour are not likely to get any more additional monetary incentives in co-operative farming.

The net result of these indirect repercussions on both landed and landless people working on the co-operative farm will, therefore, be a decrease in production at a constant unit cost or an increase in cost per unit of product or both. At the present cost, the production is likely to suffer in co-operative farming due to the disappearance of personal interest shown previously by the peasant proprietors and due to the sharp fall in the labour input in agriculture. When we do not allow production to decrease, the average cost per unit of production will go up due to the appearance of strict relation between unit of work and unit of returns and also due to the managerial and administrative costs leading ultimately to increased marginal costs to each additional product. This will set finally a limit to the increasing labour intensity of agriculture. Thus, while co-operative farming is expected to increase production and lower costs through the economies of scale on a theoretical level, it will ultimately result in practice in lower production and higher costs through its own indirect repercussions on the people who actually work on it.

V

But one may criticise this contention as purely subjective judgment, and may innocently ask why such expected results in India are not noticed in the collective or co-operative farming of communist countries. It is said that production in such countries increased immediately after the introduction of co-operative or collective farming.

It is disputable whether there was all that boasted relation between production and collectivisation. Whatever increased production had been attained by them was due to many factors, and under different circumstances, which were independent of collectivisation. Firstly, co-operativisation or collectivisation had been introduced in those countries in abnormal circumstances, and normal impact that we expect from free peasantry was not met with by them during the first few years of their regime. The dominance and exploitation of feudal lords over the small peasantry and landless labour prior to the revolution was so depressing that the peasantry failed to see the dangers of future collectivisation amidst the joy at the downfall of their exploitors. Large numbers of their peasants were conferred nominal proprietary rights immediately after revolution. So peasants put their heart into cultivation and began to produce more through better cultivation. It was at the time of such congenial *esprit de corps* that the communist Government pumped into agricultural sector increasing amounts of credit, improved implements, chemical manures and technical personnel and many other important aids. It was at that time many construction works like roads, flood protection, irrigation projects and irrigation canals and other infra-structure of agriculture were put into operation. It was this combination of factors with the release of pent-up creative spirit of peasants that resulted in rapid increase of agricultural improvement and production.

That means the same improvements, perhaps even more, would have resulted under such circumstances if the system of peasant proprietorship had been introduced or allowed to develop. But such *esprit de corps*, the product of abnormal circumstances, is by its very nature temporary, and can be maintained for long only by creating artificially such circumstances. It is bound to disappear with the appearance of normal situation. Such a tendency was clearly seen in the history of the communist countries themselves. While the latest development in the fields of agriculture in countries like Yugoslavia, Poland and Bulgaria is a mere reflection of the latter situation, the present developments in communist China reflect the former situation.

Our planners might have based their assumption that both the landed and the landless get more incentives in co-operative farming, with the feeling that such an abnormal situation may come to exist in India due to the land reforms they have been implementing. But one should not forget the fact that the class conflict in our agriculture is not much noticeable due to the predominance of middle class peasantry who form 50 per cent of all land-holders. And whatever land reforms were undertaken in our country, they were carried out in such a manner that they did not create any abnormal situation. Hence the need to expect only the normal reaction of peasantry in this transition.

If the transformation of peasant family farming into co-operative farming is brought about by a national campaign it will not only lead to adverse economic results but also likely to create adverse social repercussions. After all, the system of co-operative farming has to work within the circumference of political democracy, where full scope is allowed to freedom of expression etc. and where multiplicity of political parties and social groups are bound to exist. In such an atmosphere, the administrative and other difficulties to be experienced in the working of co-operative farming are likely to be much more than in the totalitarian countries. The complex problem of establishing norms of work which is incapable of definite solution is only a single instance to show what an amount of goodwill and co-operation should come to exist among the people to make the co-operative farming really efficient. Equally complex are the problems relating to the assignment of work and others. After all, such system of co-operative farming has to work among the people with their human nature as it is with all its weaknesses and not with what it ought to be. Will not co-operative farming with all its administrative and other difficulties provide more scope for the growth of political power-crazes, caste and group rivalries? Take, for instance, the assignment of work; the group leader would be the boss; he determines and assesses the work of the members; all members are to depend upon the goodwill of their immediate bosses. This naturally leads to power mania among the members and its consequent formation of cliques and their rivalries and revenges. Either one has to obey or to be obeyed. We find no alternative in between. The individual members will not be in a position to defend themselves independently, since they would have lost the very foundation of such strength—the peasant proprietorship. They have to merely follow and obey the dictates of the bosses for the sake of their livelihood and survival. In such a state of affairs, people do not have the freedom to co-operate but are made to co-operate.

VI

The final result of all these likely repercussions will be either of the following two :

1. The co-operative farming may ultimately lead to collectivisation of agriculture. That seems to be the most logical process in the given circumstances. Economically, co-operative farms depend increasingly on Government help and guidance in the matters of credit supplies and marketing. Socially, with the failure of voluntary co-operation among the people, the State has to step in, in order to save the system from breaking down. Just as State partnership has become inevitable in the case of credit co-operatives, so also in the co-operative farm, State partnership and control might be brought about in the name of improving agricultural efficiency. Such growing influence and power of the State and disappearance of individuality of the members may ultimately ıransform the whole agriculture into a big department of the State.

2. If, however, the State is dominated by capitalists or bourgeoisie or if the rentier class dominates the co-operative farming system without allowing State to step in, then the co-operative farming might ultimately be turned into capitalistic farm. People who contribute shares in land and money to the society, dictate the activities of the society, while hired labourers work and carry out their orders. With their dominance over the management through their major contribution of land and capital, the new landlords, who masquerade as mere shareholders of co-operative farms, will enjoy both a share in profits and draw salaries as managers etc. Many of the co-operative farms so far organised by land owners in India show this trend. Many such societies had been organised recently by big landlords to evade the ceilings on land holdings. In most of these farms, it is the hired labour who does the actual work of farming, and not the members of the society. This is clearly exposed by no less a person than Sir Malcolam Darling in his "Report on certain aspects of Co-operative movement in India." Evaluating the existing co-operative farms in some States, he writes : "The employment of regular paid labour seems not uncommon in these societies and where this is so, the society may also do little more than take the place of the landlord who farms his own land......window-dressing is one of the dangers of planning against time." (p. 20).

In both these cases, the self-employed owner cultivating peasant will disappear from the soil, and with him also disappears the system of demoracy from society.

CHAPTER X

A RESUME

In this final chapter, we shall resume the whole analysis of the problem of co-operative farming discussed and the logical conclusions arrived at in all the previous chapters, to provide the reader with the whole picture of the problem at one place.

I

The system of co-operative farming implying pooling of lands and joint management is intended to replace the present system of owner-cultivated peasant family farming, and is considered to be the best means of mitigating the existing socio-economic evils in the agricultural sector and of attaining the broad objectives of socialistic pattern of society. But the whole approach towards this subject is based on certain implicit assumptions with their own historical background.

The theory of co-operative farming is based on the principles of economies of scale and socialisation of agriculture *i.e.*, abolition of private property. And both of these principles, in turn, start on the basic assumption that farming is a mere economic enterprise. Their historic relation is rather interesting. The conception of economies of scale in all spheres had been initiated and developed under the hegemony of *Laissez-Faire* by the capitalist economists who built their whole theory exclusively on the economic impulse of man. Karl Marx, who ventured to forsee and initiate the next stage of capitalism, never bothered to test this fundamental assumption of economies of scale but simply borrowed it from them, just as he did in the case of dialectical conception from Hegel, because it helped him in developing logically his own labour theory of value, based on the materialistic conception of society. It must be remembered that both of them start from the economic (materialistic) conception of man and therefore view farming as nothing but a mere economic enterprise, although their ultimate objectives are anti-thetical. For them, agriculture is merely a source of monetary income for the people working on it and a piece of land is in no way different from the other factor of production—capital. Thus, both these theories completely ignore the social and non-economic values attached to peasant family economy and its agricultural activities. The disciples of these classical and communist philosophic economists, in turn, take these assumptions for granted and try to

apply them literally in practice, without caring to test their very assumptions and irrespective of the different contexts and situations. Thus, both the capitalist and communist theorists for their contradictory purposes agree ultimately to eliminate the class of peasantry from the soil—one merely for economies of scale and the other both for economies and for political aims. The co-operative farming as proposed to be implemented in India emanates from such people and from such assumptions.

Such injustice would not have been done to the subject and to the peasantry if people cared to verify and test the correctness of their fundamental assumption and remember that there is also the other side of the picture. The present book is devoted to this task of examining and indicating the progressive nature and strength of the peasant family economy and to help the public and National Planners to re-think about this subject.

II

More often than not, as we have clearly seen in the foregoing chapter, we ignore the fact that farming, as an occupation, has got two equally important aspects—economic and non-economic. After all, what matters is not only how much one produces but also the way he produces. Agriculture, organised on the system of peasant family farming, provides the people engaged in such enterprise not only with the economic monetary returns but also with equally important non-economic returns like the self-employment status, freedom and independence from organisational bureaucracy, freedom from the disabilities of wage labour and the emotional joy and satisfaction resulting from family ownership of land. It is because of these characteristics that the peasant farming has come to stay more as a way of life, than merely as an economic enterprise. Such socio-economic enterprise offers an emotional equilibrium to the people—a balanced tonic to the mental and physical work. The importance of such a system in the modern society which is becoming more and more centralised cannot be underestimated. But unfortunately, both capitalist and communist theorists completely ignored the valuable non-economic aspects of peasant farming and so their indispensable social and national merits. And the consequences of such mistakes are experienced in both capitalist and communist countries. Their imbalance in social forces, their economic crises and the psychological erosion of their peoples can be traced to a great extent to their blind-folded loss of the self-employed status of increasing sections of their peoples, and the loss of their peasant family and artisan

economy. Hence, any reform proposed in agriculture must necessarily take into account these two aspects of farming—economic and non-economic—before a final shape is given to it. In our context, the anticipated benefits accruing from co-operative farming, therefore, should be such as not only to compensate the loss of the economic benefits of peasant family farming but also be capable of producing more than commensurate non-economic benefits which are today being derived from the self-employed status of peasant economy.

Secondly, to equate socialisation of agriculture with abolition of private property is only to follow literally the testaments of classical socialists which had been evolved against the historical background of European countries and is not to follow the spirit of socialism. The fundamental essence of socialism, in the ultimate analysis, is the abolition of exploitation of man by man and providing equal opportunities to all, irrespective of their economic and social status for the development of their respective individual personalities to their full extent. Exploitation is not the special characteristic of private property, although it was historically linked up with it. There are some private properties like small peasant holding and personal properties where the scope for exploitation of man by man is absent but where there is full scope for the development of human personality. On the other hand, there are some public or common properties like collective or co-operative farms which give full scope for exploitation and stunt the growth of individual personalities. Hence, exploitation of man by man must be traced to the prevalence of certain conditions in society and the removal of such conditions can and does put an end to the scope for exploitation.

The exploitation of landless labour in agriculture, to the extent it is prevalent in India, is due to many factors, including the system of zamindari ownership, the emergence of the uneven distribution of land among people and the non-availability of other sources of employment, the rising population and the consequent unemployment. By achieving redistribution of land through legislation, by implementing ceilings on land holdings, by the maintenance of minimum wages of agricultural labour by assuring workmen's compensation, by providing social insurance, by organising cottage industries and by developing alternative sources of employment, it should be possible within the next ten or fifteen years to extinguish the scope and systems of exploitation in the sphere of our agriculture. Even the scope for the development of such exploitation in future can be avoided and the positive aspect of socialism can be realised if conditions are created in which the ownership of land is more related to the social function that the owner performs.

The growing detachment of the ownership from the function is the primary reason for the development of the rentier class in agriculture which lives on the exploitation of the landless. Society would have to see that the owner of the land should also become, to the maximum degree, the actual tiller of the soil. If that is not possible, the tiller of the soil would have to be helped to become the owner of the land, except when the owners of the land are widows, orphans, old people or otherwise disabled people. Such a socially justifiable relation can be establised within the system of private property itself.

Once land comes to be widely distributed and is related to the function that the owner performs, it would contribute more to the development of individual personality and welfare, and also promotes national well-being than the proferred alternative co-operative or collective farming or Gramdan panchayat land-ownership. Because such a system will satisfy not only the social needs but also fulfills the individual needs and instincts. After all, social welfare could be maximised only when social needs do not exclude individual needs and vice versa. This would be much more true in the case of peasant proprietorship, certainly much more than the system of co-operative farming, as it also provides to peasants the non-economic wealth—the freedom and independence attached to the self-employed status and the scope given to the development and exercise of the creative capacity to plan and organise the work of cultivation.

If we mistake on the side of non-economic benefits, we equally err in properly appraising ourselves of the economies of scale. We do not contend that the principle of economies of scale is wrong but only believe that it is misapplied just like the labour theory of value. The theory of economies of scale is uncritically accepted and applied to agriculture and literally followed without understanding its true spirit. To that extent, our planners have ignored the dynamics of the principles.

We have seen clearly that the economies of scale generally found in industry will not be present in agriculture, once the external and non-farming operations of agriculture like credit and marketing are looked after by Farm Service Co-operatives, due to the biological nature of farming operations. The main factor that determines the scale of farming operations is the magnitude of indivisibilities in agriculture. As long as the mechanisation of our agriculture is an impracticable proposition and as long as the labour-intensity of agriculture continues to be our goal, there is no case existing for large-scale farming. On the other hand, the predominance of diseconomies of scale with the increase in the scale of operations in the labour-intensive agriculture will make small-scale farming more economic

and efficient. The different scale operations must therefore be so arranged in agriculture as to obtain maximum economies of scale with minimum diseconomies. This optimum structure will be obtained when we organise agriculture in such a way that external operations (non-farming) of agriculture are carried on a large scale while the internal operations (farming) are carried on a small scale. World experience clearly testifies this fact.

Thirdly, the efficiency and economies of agriculture will be dependent not only on the size of holding but also on the nature of social organisation. At any point of time the social organisation must be such which will maximise the productivity at a minimum cost. From this perspective, the peasant proprietorship is the best institution for agriculture, as it alone provides the utmost personal interest and devoted work, irrespective of returns—the best and most essential inputs of biological agriculture. The absence of these very characteristics in co-operative farming tends to make farming less productive and more costly.

Our planners also committed the same error when they thought of extending co-operatives to farming activities. Co-operatives are, no doubt, indispensable in our agriculture as our peasants are not in a position to stand on their own and meet the pressures of our developing economy. But the co-operative farming, implying pooling of lands and abolition of family farming, is a wrong prescription for the self-employed, freedom loving peasantry. Because such organisation, while capable of obtaining certain economic benefits, tends to undermine the non-economic wealth of its members. As we have seen, almost all the benefits expected of co-operative farming could be obtained by the Farm Service Co-operatives without the pooling of lands and without disturbing the peasant family farming. Even if there are any marginal benefits that co-operative farming happens to confer over and above what the Farm Service Co-operatives could, they must be viewed against the loss of many imponderables—the freedoms and self-employed status of the peasantry. As Prof. Raj Krishna and others rightly pointed out, "The time has come for co-operators to have the courage to say where co-operation shall stop and where the State shall stop, lest in the name of co-operation and using its terminology and apparatus, the State may gradually reduce the peasant to a new servitude."[1]

The small-scale family farming, based on peasant proprietorship and surrounded by Service Co-operatives is, therefore,

1. Raj Krishna, L.C. Jain and Gopi Krishnan, "Co-operative Farming —Some Critical Reflections", 1956.

superior to co-operative farming both from economic and social considerations. Even from the practical considerations, the former is preferable to the latter; because the voluntary pooling of lands cannot be realised under the existing circumstances and if it is brought about involuntarily, the indirect effects resulting through the psychological repercussion on the people working on the co-operative farms are most likely to create adverse effects economically as well as socially. So the future policy in Indian agriculture, both for increasing its productivity and for extending social justice, must be towards:

(*i*) evolving small-scale but economic holdings;

(*ii*) making the tillers the owners of land; and

(*iii*) bringing all such peasantry under the net-work of Farm Service Co-operatives.

There is an erroneous and dangerous impression in the minds of so many of our national leaders that peasant economy is a part of, or an extension of, "private sector." This has arisen possibly because peasants own their holdings. But there is a qualitative difference between what is known as private enterprise in capitalistic terms and peasant economy. Whereas the private entrepreneurs in the private sector seek to make the profits, mostly through exploitative means basing their methods and activities on the employer versus employee basis, peasant economy is essentially non-exploitative and co-operative on the family level. If the former is capitalistic, the latter is family economy. Capital and landed property, functioning as profit-earning elements, are the life-spring of private enterprise, whereas they are merely additional qualities to the more important qualities of peasant holdings which are prized not for profits but for their capacity to yield employment, self-respecting living and freedom and independence. The one is self-regarding and socially irresponsible whereas the other is mainly socialistic in its social responsibilities. *It is, therefore, high time for economists, national leaders and N.P.C. to recognise the existence of this separate sector in the economy—namely self-employed people's family economy buttressed as it must be by Service Co-operatives.* It is certainly more progressive than private sector and possibly more useful and more progressive than the public sector. There is utmost decentralisation in this and there is not much scope for bureaucracy. Such a sector ought to be encouraged and developed.

III

We are fully aware that our agriculture, although mostly based on peasant proprietorship, falls short of our ideal in

many respects. It is well known that the presence of gross unequal distribution of land and the development of absentee landlordism had been working as bottlenecks to the development of real and healthy peasantry. It is a fact that there have crept into this class of peasantry, so much of conservatism and inertia that the development of co-operative organisations to aid their production activities has not been as rapid as it should be. These qualities are not intrinsic but can be traced back to definite causes like the lack of education, and minimum social and economic organisational environment to be provided by society as a whole. In the absence of Farm Service Co-operatives and active help by the State, peasants have continued to be weak both socially and economically and have been exploited by all "key services" like money lenders, middlemen and traders. Over and above everything, the natural obstacles like the adverse man-land ratio with its trail of unemployment and under-employment and the absence of minimum infra-structure of agriculture like irrigation and other facilities have debilitated them. All these shortcomings have resulted in low productivity; low productivity causes poverty; it, in its turn, further weakens their productivity and thus ultimately make the peasant occupation economically and socially unsound. We see thus the vicious circle of poverty which can only be broken by the reorganisation and reconstruction of peasantry.

This must be brought about both by the State and the peasantry. It is the moral duty of the State to remove all the bottlenecks and create the necessary atmosphere in which peasantry can rise to their fullest height and make their maximum contribution to the social well-being. The present imperfect structure of peasantry is to be remedied; and the homogeneity of interest among the peasantry to be engendered by uniformly and effectively implementing the policies of ceilings on land holdings, tenancy legislation, consolidation of holdings and ban on fragmentation of holdings. Serious efforts should be made by the State to educate the peasantry and bring them into the co-operative organisations, through various incentives. They should be constantly made aware of all the latest techniques of production and be encouraged to follow them by giving the necessary help. It is also the responsibility of the State to remove the adversities of agriculture like the over-pressure of population on land and create the necessary infra-structure of agriculture as early as possible. As long as the State fails to shoulder such responsibilities, it has no moral right to blame the peasantry for their low production and productivity.

Let it be clearly understood that so long as the State does not come forward to organise adequate insurance schemes against the ravages of droughts, floods, pests, epidemics and

relieve the peasants or co-operative societies from these too heavy and crushing responsibilities, agriculturists, whether they be members of co-operative farms or not, cannot be expected to achieve an ever-increasing level of production either per capita or per acre. Indeed agricultural production will suffer under co-operative farms to an immensely greater degree than under peasants, under the present conditions of State indifference to the calamitous effects to the natural vicissitudes that afflict agriculture. In fact, anti-erosion and flood protection have been neglected by Government for ages. Irrigation was not developed adequately for centuries owing to the faulty policy of expecting irrigation projects to yield commercial returns. The protection and promotion of cattle wealth was considered to be the sole responsibility of poor peasants. If and when such social insurance schemes come to be organised, peasants will be found to produce much more, evince much greater interest in higher and better production and save much more and improve their lands and increase agricultural stock to a greater extent than can ever be possible under co-operative farming. Certainly then they can prove themselves to be a great asset to the nation.

Moreover, there is a tremendous scope for the utilisation of sub-soil water resources, rivers and revulets and also the rain water by developing tanks and lakes so that the irrigation area can be raised to at least 30 per cent of our total cultivable land area. If and when that is done through State, social and peasants' funds and other resources in "know-how" machinery and planning, surely there will be much larger employment directly on land and indirectly on the development of infra-social structure, besides civic and socio-economic amenities. In that way, much of the rigours and incidence of under-employment can be eliminated. Similarly, the development of second crop area not only in deltaic belts but also in the rain-fed area by offering adequate working capital and assurance of save-crop insurance and introduction of dry-farming economy and garden cultivation including horticulture, can also yield an appreciable quantum of additional employment. Such schemes of development in agricultural economy can be undertaken only by the State and society, as they alone can pump into the agricultural economy as much credit as it requires in the form of short term, medium term and long term loans. That such a development of intensive and extensive cultivation, can afford a much larger quantum of employment and higher wage levels and standards of living is exemplified by the congregation of much larger labour population in the deltaic and other similarly developed agrarian centres, gaining employment for longer periods and larger number of work-days, earning higher levels of wages and enjoying a higher standard of living. Why should not the

Planning Commission concentrate on the discharge of these responsibilities and lessen the tempo of its disastrous campaign against peasant economy?

There is actually more than a third of the total cultivable land available, in the form of culturable waste land and forest land which can be gained for cultivation. Quite a good portion of the land which is under nominal occupation of peasants is so little developed as to be available for sale at too low prices. All this can be taken over, fully developed and placed at the disposal of a good proportion of the landless agriculturists for co-operative farming by them with all the assistance that the State and society can afford them. Surely there is enough and more scope for all the experiments that Government and society can wish to make to their heart's content, develop all those precious virtues—social and economic which as they feel so much convinced—would emanate from such co-operative farming and thus lead the way for our peasant proprietors.

IV

At the same time, peasantry should make themselves quite dynamic, and march in step with the needs of the time and answer every justifiable demand of society. If they fail to infuse this dynamism into their economy and lag behind, they would be failing in playing their role in achieving social progress. The experiences of the N.E.S. administration and Kisan Sammelan encourage us to entertain strong hopes of peasants' readiness to help themselves on these lines whenever and wherever Government is willing to give them a helping hand. But it is not merely a passive flexibility that is needed but an active dynamism that we expect of them in our planned social transformation.

There are two needs of our planning that demand radical changes in their attitudes and values. Peasants have to be ready to wriggle out themselves of their traditional habits and modes of production which have stood in the way of progress and meet successfully the demands for ever larger production made by the rapid tempo of industrialisation by taking to higher techniques of production and scientific farming. They stand in a key position in this adventure of national economic development since their agriculture surpluses, in the final analysis, form the predominent factor in this process. And failure on their part leads to their degeneration.

Secondly, they must be dynamic enough to fit into our planned economy, that is leading towards socialism, and be

conscious of the compulsions of planned development. This implies increasing degree of partnership and co-operation between the State and peasantry, increasing demands of peasantry on the resources and powers of State and society towards each other. They can no longer live in isolation, without influencing and being influenced by others in the increasingly inter-dependent economy. They should reorientate their traditional outlook over the ownership of property and should reorganise and rejuvenate their institution in order to adjust it to changing needs of themselves and the rest of society while yet safeguarding the very essence of their institution—its non-exploitative and freedom and security-yielding nature.

V

So far we have been discussing the whole subject, almost in isolation of other sectors, as if agriculture is the only sector in which we require socialism and economic development. The all-round economic development implies the growth of non-agricultural sectors while the first object of socialistic society is socialisation of capital. The effective transition of our economy must therefore bring about a systematic and co-ordinated change simultaneously in the different sectors of the society, lest the transition might become lopsided and lead to consequences which are diametrically opposite to our objective.

Our planners not only failed to realise such a necessity but deliberately applied "double standards" in their approach. Co-operativisation and collectivisation are envisaged in the sphere of agriculture to the discouragement and exclusion of non-exploitative peasant family-farm economy while mixed economy is envisaged in the sphere of industry giving an honourable place even to the exploitative private enterprise. It is significant that in non-agricultural sectors such co-operativisation as implied in co-operative farming has not at all been envisaged. Co-operation is sought to be extended to many non-agricultural sectors but only to help the production activities performed individually. It is never envisaged to replace the individual producers and deny them their freedoms as is being proposed for agriculture. On the other hand, our planners advocate increasing scope for personal initiative and enterprise in those spheres of industry. One naturally fails to know the reasons behind this inconsistent approach.

Same is the case with their other proposals, called 'land reforms.' Ceilings on agricultural incomes have been proposed to be fixed at Rs. 3,600 per annum while such ceilings on non-agricultural incomes are not agreed upon even in principles.

The proposal for placing a ceiling on urban incomes at Rs. 30,000 per annum was, therefore, opposed by Government. Similar injustice has been done to peasants in the allocation of development expenditure, in conferring the planned benefits etc. This point has been further elaborated in our pamphlet "The Plan and the Peasant". After all, there must be some canon of justice, even in our efforts to remove social injustice.

Their sole concentration of "socialistic reforms" only on agriculture is likely to lead to a lopsided development and deprive the peasantry of their economic freedom, self-employed status and social power. The result of such a process cannot lead to socialism but only to the exploitation of a new type, by the "New Class" of bureaucrats and privilegentsia.

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—*India Quarterly,*

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—*International Peasants' Union Bulletin, New York.*

Nov.-Dec., 1957

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Etc. Etc.

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The Indian Peasants' Institute of which Prof. N. G. Ranga is founder-President was inaugurated by Mahatma Gandhi in 1933 in Nidubrolu (Andhra Pradesh).